

FBIS

DAILY REPORT

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FOREIGN MINISTRY SPOKESMAN HOLDS WEEKLY BRIEFING

Denies Exporting Coal to Israel

OW220912 Beijing XINHUA in English 0903 GMT 22 Oct 86

[Text] Beijing, October 22 (XINHUA) -- China today denied a report that it will export raw coal to Israel.

"This report is groundless," a spokesman for the Chinese Foreign Ministry stated at a weekly press briefing here this afternoon.

U.S. Action Prompts Indignation

OW220950 Beijing XINHUA in English 0942 GMT 22 Oct 86

[Text] Beijing, October 22 (XINHUA) -- China today accused the U.S. Congress of interfering in the internal affairs of China for listing Tibet as a separate country in a recent amendment.

A spokesman for the Chinese Foreign Ministry said at a weekly press briefing here this afternoon that the Senate and the House of Representatives of the U.S. Congress had gone so far as to disregard well-known facts and listed Tibet separately as a country when they passed recently the amendment to the U.S. Export-Import Bank Act of 1945.

"This constitutes a wanton interference in the internal affairs of China. We express our indignation at this," he said.

However, the spokesman said, China has taken note of the statement made by President Reagan in signing the amendment that the U.S. recognizes Tibet as part of the People's Republic of China.

"We hope that, in the future, there will be no recurrence of such incident of interfering in the internal affairs of China and hurting the feelings of the Chinese people," the spokesman added.

Sino-Portuguese Communique Read

OW221154 Beijing XINHUA Domestic Service in Chinese 0945 GMT 22 Oct 86

[Text] Beijing, 22 Oct (XINHUA) -- A spokesman of the Ministry of Foreign Affairs read at a news briefing this afternoon a press communique released by the Chinese Government delegation and the Portuguese Government delegation on the third round of talks on settling the Macao question. The full text of the communique follows:

1. The government delegation of the People's Republic of China and the government delegation of the Portuguese Republic held their third round of talks on settling the Macao question in Beijing on 21 and 22 October 1986. The two sides continued in-depth discussions of the substantive agenda items in a friendly and harmonious atmosphere and reached broad agreement.

2. In order to provide detailed discussion and revision of all the draft agreements put forward during the talks between China and Portugal, the two sides decided to set up a working group under the two delegations. This group will start its work in Beijing in the near future.

3. The date for the next round of talks between the two government delegations will be agreed upon in due course in light of the working group's progress.

More on Macao Talks

HK221054 Hong Kong AFP in English 1038 GMT 22 Oct 86

[Excerpt] Beijing, Oct 22 (AFP) -- China and Portugal have reached broad agreement on the future of Macao and have set up a working group for detailed discussion of a draft agreement, a Chinese spokesman said Wednesday.

Foreign Ministry deputy spokesman Yu Zhizhong told reporters, at the close of the third two-day round of talks here, that the two countries had "reached broad agreement" and decided to set up a working group "for detailed discussions and revision of all the draft agreements put forward during the talks."

The working group would meet in Beijing in the near future and the date for a fourth round of talks would be set in light of its progress, Mr Yu said.

Analysts said that establishment of the working group signalled that major differences had been bridged, though tough negotiations could still lie ahead on some of the specifics in the final document.

Mr Yu, reading the text of a joint Sino-Portuguese statement, said the two sides had decided to set up the working group following "continued in-depth discussion of the substantive items on the agenda in a friendly and harmonious atmosphere."

Mr Yu declined comment on reports from Lisbon quoting Portuguese diplomatic sources as saying Monday that the two sides could announce an agreement on the handover of the tiny South China gambling enclave when China's Vice Foreign Minister Zhou Nan visited Portugal next month. [passage omitted]

No Comment on Taiwan Parties

HK221021 Hong Kong AFP in English 1006 GMT 22 Oct 86

[Text] Beijing, Oct 22 (AFP) -- China declined to comment Wednesday on moves in Taiwan to allow the establishment of new political parties, with an official spokesman saying simply that Beijing had "taken note" of the change.

Deputy Foreign Ministry spokesman Yu Zhizhong refused to be drawn in repeated questions about Taiwan's moves to lift the 35-year-old ban on the creation of political parties other than the ruling Kuomintang.

"We have taken note of the news," he said at a weekly briefing, declining to give further comment.

Analysts said that Taiwan's planned lifting of martial law and the party-ban presented difficulties for the mainland, which is concerned that new groups could seek to establish an independent status for the island.

Development of new parties on Taiwan also invites unfavorable comparison with the mainland, where the Communist Party's monopoly on political power remains unquestioned despite talk about political reform, the analysts said.

UN ENVOY URGES SRV WITHDRAWAL FROM CAMBODIA

OW210244 Beijing XINHUA in English 0228 GMT 21 Oct 86

[Text] United Nations, October 20 (XINHUA) -- China today urged Vietnam to withdraw its troops from Kampuchea without intolerable demands.

"This is the only wise choice for the Vietnamese authorities," Li Luye, China's permanent representative to the U.N., said at a General Assembly debate on Kampuchea.

Li quoted a two-thousand-year-old saying from Chinese military writer Sun Zi that warns of the depletion of a nation's resources caused by prolonged military adventures.

The ambassador pointed out that nothing, not even the support of a major power, could legitimize an illegal act like Vietnamese aggression against Kampuchea.

He said that without the backing of "one big power", Vietnam would not have been able to sustain its aggressive war against Kampuchea. He urged the power, not mentioned by name, to stop its support.

Ambassador Li noted that Vietnam's goal is "the perpetual occupation of Kampuchea through a military solution."

He spoke highly of the eight-point proposal for a political settlement of the Kampuchean question, which was put forward last March by the Coalition Government of Democratic Kampuchea (CGDK).

Ambassador Li condemned Vietnam for bluntly rejecting the proposal and making unjustifiable demands as the conditions for troop withdrawal and negotiations.

He said troop withdrawal and the political future of Kampuchea were "two questions of different nature."

It will be absolutely unacceptable to base Vietnamese troop withdrawal on a decision as to which political faction should or should not be allowed to exist in Kampuchea, he said.

Ambassador Li declared China's support to the draft resolution on Kampuchea proposed by 60 countries, including the Southeast Asian members of the General Assembly.

The draft reaffirms the principles of complete withdrawal of foreign troops from Kampuchea and the exercise of self-determination by the Kampuchean people.

RENMIN RIBAO ON U.S. POST SUMMIT PROPAGANDA

HK211210 Beijing RENMIN RIBAO in Chinese 19 Oct 86 p 6

[*"Newsletter From America"* by reporter Zhang Yunwen (1728 0336 2429): "From 'Deep Disappointment' to 'A New Starting Point' -- the U.S. 'Propaganda Campaign' After the Iceland Summit"]

[Text] Washington, 18 Oct -- After the "Iceland Summit," the United States is doing two things: One is to reassess the situation and launch a "propaganda campaign" to win over the media, and the other is to strive to gain at the Geneva disarmament meeting what it was about to obtain but failed to in Reykjavik.

Two days after the summit's conclusion, in a nationally televised address, President Ronald Reagan indicated that on no account would he trade away the "Strategic Defense Initiative (SDI)" program nor would he negotiate with his counterpart at the expense of U.S. "freedom and the future."

Reagan's important senior advisers also set out to win over the media one by one, despite each being terribly busy with his own work. In the last 2 or 3 days, the program of activities for George Shultz, President Reagan's main aide during the Iceland summit, was enough to show the intensity of the propaganda campaign: On 13 October he met Congressional leaders and briefed them on summit developments. On 14 October, he appeared on the CBS Morning News program; at noon, he dined with editors of THE WASHINGTON POST; and in the afternoon, he held a press conference at the State Department and afterwards had an interview with an American television station and an American cable television station. The following day, he went on a hurried trip to New York to meet editors of THE NEW YORK TIMES. What he discussed on the above-mentioned occasions was one and the same topic: the process of the Iceland summit.

It has been reported that all news agencies were offered an opportunity by senior government officials to gather news about the summit and moreover, they were allowed to name names in quoting official sources. The decision, it was said, was made by President Reagan after returning from Iceland. He asked all senior officials participating in summit activities "to explain the situation to all the people."

The media are of the opinion that there are three main reasons behind the "propaganda storm." The first reason is that the government was "displeased" with the earlier reports by the press community following the summit's close. News reports on the second day after the summit's close were flooded with such words as "failure," "breakdown," and "despair." At that time, Shultz and Donald Regan also said that the United States was "deeply disappointed." An expression was thus created: Reagan's adherence to "star wars" led to the failure of the summit. Now they are trying their best to stress the summit's positive aspects with an optimistic tune and they claim that the summit was "a watershed" in history and it had made "great progress." No agreement was reached at the summit merely because the Soviet Union wanted "to kill off the SDI program."

The second reason is that the Soviet Union has launched a considerably large-scale propaganda offensive. On 14 October Soviet leader Mikhail Gorbachev delivered a televised speech to the nation. The gist of the speech was that the Soviet Union had made major [zhong da 6850 1129] concessions but the United States came to the meeting "empty handed" and was reluctant to make any concessions in its SDI program and it thus lost "a historic chance."

In this propaganda war, winning the sympathy of West European countries has become the important objective of the two sides.

The third cause is, the result of the current summit held in haste has brought about criticism and controversies in media and political circles, and amongst disarmaments experts in particular. Some reviewers have found it difficult to understand the attempt by the two leaders to accomplish such a difficult task within such a short time span. Harold Brown, former secretary of defense also criticized the attempt by the U.S. Administration to "determine the new U.S.-Soviet strategic relations in 11 hours." The public believes that it was an unwise move to turn such an unofficial short meeting into "an extremely complicated guided missile figures game." Regarding the process of first proposing the cutback by 30 percent of strategic nuclear weapons, then developing to the proposal of a total destruction of nuclear weapons, and finally the counter-proposal, some disarmament experts compared it to a "card game." Many congressmen, who regarded the SDI program as stakes for the talks, criticized the Reagan administration for looking upon SDI as shaping up as a trump card, while a likely agreement on the cutback of nuclear weapons slipped away. Just as Senator Sam Nunn put it "They would rather have the bird in the bush than the bird in the hand." In his busy activities for the Republican Party in the Congress election lately, Reagan has made the SDI program the key topic, and censured Democratic senators for "axing" the program in question to cater to the needs of the Soviet Union.

While developing this propaganda campaign, senior Reagan administration officials have repeatedly said that they wanted to make the Iceland meeting "a new starting point," and to reach an agreement at the Geneva disarmament talks negotiations table. Senior White House officials believe that the two parties are approaching each other in their positions on the issues of medium-range missiles in Europe and the restriction of nuclear weapon tests, and that they will soon reach an agreement. In his speech delivered at the National Press Club on 18 October, Shultz said the two superpowers "have a clearer understanding of the other's view and the crux of the SDI program," and "this is helpful to further talks."

The United States intended to reach a single agreement on disarmament. However, the Soviet Union made it clear that it had already made a series of important concessions, and insisted that its package proposal for disarmament must be handled as an entity. Therefore, the Soviet Union refused to solve the problem of medium-range missiles as a single issue.

At present, both parties have said that each of their proposals are on the table. They have made rather great progress at the Iceland summit; and they will continue "to make contact and to conduct discussion." However, while people are cherishing hope, they are worrying that it will be very difficult to score any major progress in certain disarmament issues if the two parties fail to come to terms on the "package proposal" and the explanation on the anti-missiles treaty.

LIAOWANG ON SOVIET-U.S. ICELAND SUMMIT MEETING

HK211050 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 42, 20 Oct 86 p 25

[Article by Wang Chongjie (3769 1504 0267): "The Soviet-U.S. Iceland Summit Meeting Ended in Failure"]

[Text] The meeting held between U.S. President Reagan and Soviet leader Gorbachev in Reykjavik, the capital of Iceland, between 11 and 12 October ended in failure.

Since the meeting, both sides have made accusations against the other. This points once again to the acuteness of the current confrontation between the two superpowers and the complexity of dialogue.

In a matter of two days, Gorbachev and Reagan successively held four rounds of talks totaling over 11 hours. The foreign ministers of the countries held several hours of separate talks. The top-ranking aides also formed two groups on the 11th to hold separate all-night meetings on the problem of arms expansion and on "human rights, regional conflicts and bilateral relations." But it turned out that not only was no agreement reached on arms control, regional conflicts and other issues but the date for the originally scheduled second formal meeting between the leaders of the two countries during Gorbachev's U.S. visit later this year was not set.

At the current meeting, both sides reached agreement on the reduction of strategic arms and medium-range missiles. But the meeting ended in failure. Why was this so?

Gorbachev considers that "the U.S. Administration has energetically tried to capitalize on its own technological strength to gain military superiority through the Strategic Defense Initiative [SDI] program. It has not even hesitated to bury the agreement already reached between us. The U.S. side has upset all this." He said: The Soviet side suggested "strengthening" the anti-missile treaty signed between the Soviet Union and the United States in 1972. Both sides were not to back out of this treaty during the coming 10 years. In the course of these 10 years, "the research, manufacture and testing of space weapons would be prohibited, with research allowed only in laboratories." According to him, "when this point was taken up, the real fighting began. The President always insisted on the U.S. right to carry out all research and tests of SDI, not only in the laboratory but also in outside areas, including space." Gorbachev said that only "a madman" would agree to this.

Reagan stressed that if the agreement insisted upon by the Soviet Union was signed, "then succeeding presidents during the next 10 years would forfeit the right to research, manufacture, test and deploy defense forces against nuclear missiles for the people of the free world. This is what we cannot do and what we would not do." Reagan revealed that on the afternoon of the 12th he had put a brand new proposal to Gorbachev: "The deployment of SDI will be deferred 10 years on condition that our two countries totally eliminate all guided missiles in our respective arsenals. So long as both the United States and the Soviet Union can prove their sincerity by the elimination of nuclear missiles from year to year, we will not deploy SDI."

Shultz said: "With us coming increasingly close to the final stage, we can see with increasing clarity that the Soviet Union's actual aim is to strangle SDI."

The heated Soviet-U.S. fighting and confrontation centering on the SDI program are not accidental. Since the U.S. program was put forward in 1983, this has been the focus all along of the arms race between the United States and the Soviet Union. Mutual accusations between both sides about nuclear testing and the anti-missile treaty signed in 1972 are closely related to this. The confrontation between the leaders of the Soviet Union and the United States at the Reykjavik meeting over the "star wars" problem has led to the failure of negotiations. This is nothing but a prominent manifestation of the current sharp clash between the two superpowers. On other problems in the arms race involving strategic weapons, medium-range missiles, and so forth, both sides came closer in their stands but each had its own plans. As to the solution of such problems as regional conflicts, the improvement of bilateral relations, and so forth, these are also not easy matters.

The Gorbachev-Reagan summit in Geneva last November was the hallmark indicating the shift of Soviet-U.S. relations from an all-round confrontation in the first half of the 1980's toward confrontation and dialogue. While there has been no sign of relaxation in U.S.-Soviet confrontation over the past year, dialogue between the two sides never ceased. The preliminary meeting between Reagan and Gorbachev in Reykjavik took place precisely when their confrontation reached a stalemate, and no progress was made in their talks. At present, the focus of public attention is on: What will be the prospects for U.S.-Soviet relations in the near future?

On the one hand, Reagan has repeatedly stressed that the United States will not abandon its "SDI program." Gorbachev also reiterated in Reykjavik that "the Soviet Union will not be intimidated by SDI, even from a military point of view. Moreover, we have found a countermeasure against it." This shows that their arms race will continue to escalate.

On the other hand, both the United States and the Soviet Union have not shut the door on their talks and summit. Gorbachev proposed that the heads of the two countries should meet again to discuss how to remove existing obstacles. He also expected that his meeting with Reagan in Washington would be "fruitful." Gorbachev offered Reagan the proposal that the two sides negotiate on prohibition of nuclear testing immediately after the Reykjavik summit. Reagan said: "In Iceland, we made great strides in resolving most of our differences. We will continue the effort in the future."

By the large, confrontation and dialogue will continue to be the pattern of Soviet-U.S. relations in the near future. Although their confrontation will not run out of control, it will also be difficult for their dialogue to bring about an "abrupt turn."

GU MU MEETS WORLD TOURISM ORGANIZATION DELEGATES

OW171932 Beijing XINHUA in English 1630 GMT 17 Oct 86

[Text] Beijing, October 17 (XINHUA) -- Chinese State Councillor Gu Mu today met Willibald Pahr, secretary-general of the World Tourism Organization (WTO), who is here to attend the workshop and the meeting of the WTO Regional Commission for East Asia and the Pacific, and other delegates to the workshop and the meeting.

China is hosting the workshop and meeting, the first of its kind to be held in China, here from October 13 to 18.

China has made some progress in tourism, Gu said, but there is still a long way to go compared with many other countries and in view of China's rich tourism resources.

He said China is willing to cooperate with all friendly countries in this field. Such cooperation, he said, includes training of personnel, investment in China and scientific and technological exchange.

Pahr expressed his admiration for China's achievements in tourism over recent years, saying that the WTO is willing to help China in this respect.

Among those present was Han Kehua, director general of the National Tourism Administration of China. The host administration later gave a banquet for the delegates.

XINHUA ANALYZES UPCOMING U.S. ELECTIONS

OW210906 Beijing XINHUA in English 0841 GMT 21 Oct 86

[*"News analysis: Senate Control at Stake in Forthcoming Elections -- by Bao Guangren"*
-- XINHUA headline]

[Text] Washington, October 20 (XINHUA) -- After a delay of two weeks, the 99th U.S. Congress adjourned Saturday night, but for most of the lawmakers, the mission ahead in the next two weeks would be more difficult - it will decide whether they can come back to Capitol Hill for the 100th Congress.

The November 4 election draws nearer when all the seats of the House of Representatives and 34 seats in the Senate will be up for grabs.

Since 1955, the Democratic Party has been controlling the House. In the 99th Congress, of all the 435 House seats, Democrats occupy 253. It is predicted that almost 90 percent of the house members could be re-elected. ABC News projected that Democrats could gain three to eight new seats in the House and that six is the most likely number the Democrats could win, while the Democrats themselves have put the number at 10 to 15. In any case, the House would be again dominated by the Democrats in the new Congress.

The hard-fought battle will be over the Senate, where the Democrats are struggling to overturn the Republican 53-to-47 majority. Of 34 senate seats up for grabs, Republicans now hold 22, a situation that is unfavorable for the Republicans.

The Democratic-controlled House is a headache for President Ronald Reagan. It criticized Reagan's policy toward Central America, attempted to ban nuclear and anti-satellite weapons testing, cut funds for his "star wars" program and force him to comply with the SALT II Treaty. It overrode Reagan's veto to impose economic sanctions in South Africa.

Although the Senate also joined the House in overriding his veto on sanctions against South Africa, the Senate usually is in tone with him.

If the Democrats get control of the Senate, it will mean "a bigger headache for the president, more fires to put out, less ability to counter whatever the Democratic House does to dominate the agenda," says one congressional scholar.

The U.S. President has been campaigning hard in the past weeks for the Republican candidates. "I can't have my hands tied by a totally hostile Congress," he said.

The danger is there and it looms larger as the election day draws near. Earlier projection here said it is possible to be an even battle -- 50 to 50. In that case, Vice-President George Bush will come to cast a decisive vote, which is still in favor of the Republicans.

But a recent survey by THE WASHINGTON POST and ABC News showed the Democrats have moved clearly within the range of retaking control of the senate.

The survey said the Democrats lead in five states that have Republican senators -- Florida, Idaho, Maryland, Nevada and North Dakota -- while Missouri is the only state where a Republican was leading in the race for a seat held by a retiring Democrat.

Among four states that were rated as "tossups," North Carolina, South Dakota and Washington have Republican incumbents and Colorado has a retiring Democratic senator.

According to the survey, if all the candidates who were in front held their leads and the four tossup races split evenly between the parties, the Democrats would make a net gain of five seats and achieve a 52-to-48 Senate majority in the 100th Congress.

Factors influencing voters are various. There is no nationwide election theme, and regional issues and personal characters of candidates are more important in appealing for votes. But the economic issue will be a major factor.

A recent poll showed that 29 percent of the voters are concerned about unemployment, 20 percent about federal budget deficit, 17 percent about inflation, 15 percent about interest rates, and 10 percent about foreign trade deficits.

But the trend of economy is not so good. The growth rate for the first half of the year was only 2.2 percent, lower than expected, and there is no sign of improvement in the third quarter.

The rate of unemployment increased a little bit in September, with 8.33 million people waiting for jobs. Deficit for the 1986 fiscal year is estimated at a record 230 billion dollars, an increase of 9 percent over last year, and trade deficit for this year is estimated at 180 billion dollars.

The Democrats are taking advantage of this and have stressed the theme of "getting the economy moving again, getting tough in the trade arena and saving the farmer."

Democrats could also make use of the agricultural crisis in the farm states. For five years running, the export of agricultural products has been on the decline, many farmers have to leave their land. The issue there is who is to blame, and certainly the Republicans are on the defense.

In the oil producing states, the high rate of unemployment caused by the drop of oil prices has also put the Republicans in a hard situation.

In states hit by the inflow of steel and textiles, how to protect their steel and textile production will be major issues.

A recent survey showed that 35 percent of the people think the U.S. economy is getting worse, while only 25 percent think it is getting better. Such a trend is favorable to the Democrats.

Observers here believe final results depend on the turnout on November 4, and something unexpected could happen in the last days which could affect voters.

LI PENG FETES COLUMBIA UNIVERSITY SCIENTIST

OW171851 Beijing XINHUA in English 1438 GMT 17 Oct 86

[Text] Beijing, October 17 (XINHUA) -- Li Peng, Chinese vice-premier and minister in charge of the State Education Commission, and his wife met and gave a luncheon for T.D. Lee, professor at Columbia University, U.S.A., and director of the Beijing Institute of Modern Physics, and his wife here today.

TIAN JIYUN CONTINUES TOUR OF ASEAN COUNTRIES

Philippine Visit Successful

OW211132 Beijing XINHUA in English 1117 GMT 21 Oct 86

[Text] Manila, October 21 (XINHUA) -- Chinese Vice Premier Tian Jiyun said here today that his visit to the Philippines is completely successful and has helped enhance the Sino-Philippine friendship.

He made the statement in an interview with reporters from the local papers "MALAYA" and "CHRONICLE" before he left here for a visit to Thailand at the end of his tour of the Philippines.

Tian said that during his visit he had exchanged views with Philippine Government leaders on how to further expand the relations of cooperation between the two countries.

He said what made him particularly happy was that President Corazon Aquino has accepted the invitation from Chinese President Li Xiannian to visit China. Her expected visit will "push the Sino-Philippine friendship to a new high," he remarked.

Tian said, "We are very pleased to note that since coming into power, the new government headed by President Aquino has taken many effective measures to stabilize the situation in the country and to recover and develop the national economy. Many of the measures have already begun to yield results. We appreciate and support all the efforts made by the government in this field." The Chinese vice premier said China enjoys very good relations with the Association of Southeast Asian Nations (ASEAN), in particular the economic and trade relations.

"We are very glad to note that China and the ASEAN countries hold similar or identical views on major international issues, especially issues concerning peace and stability in Southeast Asia.

It is our hope that China can keep close contact and exchange views frequently with the ASEAN countries on major international issues," Tian stated.

Asked about China's position on superpower military bases in the ASEAN region, Tian said that it is up to the governments and people of the countries concerned to make judgement on this question.

So far as the U.S. military bases in the Philippines are concerned, this question should be solved through consultations between the governments of the Philippines and the U.S., he said.

"It is my belief," he added, "that the Philippine Government and people can make wise judgment and appropriate arrangements for dealing with this question."

Tian said China fully favors the concept of a demilitarized, nuclear-free, peace and neutral zone in the ASEAN region.

As for people of the ethnic Chinese community in the Philippines and other countries in Southeast Asia, Tian said they are familiar with the situation and conditions of the countries they reside as well as those of China, and thus are able to serve as a bridge to further expand economic relations and trade between China and these countries.

"China pursues a policy of treating foreign investments, either from ethnic Chinese groups or non-ethnic Chinese groups, equally without discrimination," he declared.

Asked to comment on the allegation that "China gives military support to the insurgents in the Philippines," the Chinese vice-premier termed it as "totally groundless."

Leaves for Thailand

OW211144 Beijing XINHUA in English 1129 GMT 21 Oct 86

[Text] Manila, October 21 (XINHUA) -- Chinese Vice Premier Tian Jiyun left here this afternoon for an official visit to Thailand, the fourth and last leg of his four-ASEAN-nation tour.

During his three-day visit here, Tian met with President Corazon Aquino, and had talks with Vice-President and Foreign Minister Salvador Laurel, Finance Minister Jaime V. Ongpin, and Trade and Industry Minister Jose S. Concepcion on regional and international questions of mutual concern, especially on ways to further expand economic relations and trade between the two countries. They held identical or similar views on many questions discussed.

Tian's visit is very successful, Laurel remarked, when seeing Tian off at the Manila International Airport. "It has brought our two countries closer than ever. I hope this can go on more regularly, because the more frequent visits among the leaders of the two countries, the better," he added.

He stated he liked to visit China again as soon as time permits. "But I think President Corazon Aquino should go first, because I have been there. President Aquino has been invited by the Chinese president. She has accepted the invitation, and she said she will be happy to go," Laurel said.

Saying good-bye to the vice-president at the airport, Tian Jiyun said he enjoyed his visit here very much, and he was deeply impressed by the measures the Philippine Government has taken to stabilize the situation and recover the economy, and by the hard-working spirit of the Philippine people.

He said to Laurel, "It is my hope that there will be a united and stable government in the Philippines, so that it can concentrate on the recovery and development of national economy."

Laurel replied to Tian, "I fully agree with your opinion. I hope next year when President Aquino visits China, our country will be stable and full economic recovery can be commenced."

The Chinese vice-premier arrived in Manila on October 18 after touring Singapore and Malaysia.

Begins Thailand Visit

OW211326 Beijing XINHUA in English 1312 GMT 21 Oct 86

[Text] Bangkok, October 21 (XINHUA) -- Chinese Vice-Premier Tian Jiyn arrived here late this afternoon for a week-long visit to Thailand. He was met at the airport by Thai Deputy Prime Minister Phong Sarasin, Deputy Foreign Minister Praphat Limpraphan and others.

Observers here believed that his talks with Thai leaders will concentrate on economic matters between the two countries.

This is the last leg of Tian's four-country tour. He has already visited Singapore, Malaysia and the Philippines earlier this month. All the four are member states of the Association of the Southeast Asian Nations (ASEAN).

Well-informed sources here disclosed that Tian will hold discussions with senior Thai economic officials on the development of economic relations between the two countries including investment and joint ventures.

Regional and international issues may also be put on the agenda in consideration of the problems in the region, they said.

Tian will have a two-hour meeting with his Thai counterpart Phong Sarasin tomorrow morning.

It is still not known whether the Chinese vice-premier will meet Thai Prime Minister Prem Tinulanon because the latter is out of the country right now.

But he will be received by King Phumiphon Adunyadet later this week.

SRV STANCE ON CAMBODIAN ISSUE CRITICIZED

OW220041 Beijing in Vietnamese to Vietnam 1400 GMT 20 Oct 86

[Unattributed commentary: "Vietnam Challenges the International Community"]

[Text] From the Eighth Nonaligned Summit conference held in early September to the current 41st UN General Assembly session, many countries in the world have requested that Vietnam unconditionally withdraw all its troops from Cambodia and endorse the 8-point proposal of the Coalition Government of Democratic Kampuchea [CGDK].

In face of this firm request, the Vietnamese authorities' official propaganda and press organs continue to invoke all reasons available to obstinately cling to their position of not withdrawing their troops.

Vietnam's press organs, including NHAN DAN and, QUAN DOI NHAN DAN, have recently published articles repeatedly criticizing those countries that have urged Vietnam to unconditionally withdraw all its troops from Cambodia for nurturing some peculiar design and for failing to keep abreast of the times. Meanwhile, Vietnam has stressed the need to eliminate the Democratic Kampuchea [DK] faction in the CGDK as a precondition for the settlement of the Cambodian issue.

Speaking at the UN General Assembly on 6 October, Vo Dong Giang, a member of the Vietnamese Council of Ministers, demanded that the international community stop all aid to the CGDK, warning that its refusal to do so will impede the withdrawal of Vietnamese troops from Cambodia.

As reported, at the Eighth Nonaligned Summit Conference, the Vietnamese Government official criticized all those countries that urged Vietnam to reexamine the CGDK's 8-point proposal, for attempting to foment dispute.

He said arrogantly: Regardless of whether it is an 8-point, an 80-point or an 800-point proposal, it is unacceptable if the Pol Pot clique remains a part of it.

The Vietnamese authorities have resorted to the completely shaky logic of brute force to challenge the international community, forgetting that they have been brought before the bar and condemned by all.

As put forth by the UN Charter, in international relations it is impermissible to violate the territorial sovereignty or political independence of any UN member-country or any non-member country through measures of intimidation or force or through any other measure inconsistent with UN policy.

Modern international law also stipulated that in a war between two countries, any act of involvement: Arranging, preparing, launching, or waging a war of aggression or any act of sabotaging peace is regarded as a war crime.

The Vietnamese authorities have not only arranged, prepared, and launched an aggressive war against Cambodia, but have also been waging this war of almost 8 years now, bringing unprecedented disaster to the Cambodian nation and seriously sabotaging peace and stability in Southeast Asia.

Regarding the Vietnamese authorities' criminal war, the international community has not requested an international tribunal to try them but has only urged them to unconditionally withdraw all their troops from Cambodia and to put an end to their invasion and occupation. This is a very lenient, rational, and sensible move.

Until last year's 40th UN General Assembly session, as many as 114 countries in the world endorsed the UN General Assembly's resolution urging Vietnam to unconditionally withdraw all its troops from Cambodia. As the invaders, the Vietnamese authorities must fully implement this resolution. They are not qualified to call for preconditions and have no right to use the elimination of a most powerful faction in the patriotic anti-Vietnam forces, which they call the Pol Pot clique, as a condition for their troop withdrawal. Moreover, they have no reason to demand that the international community stop all aid to the DK forces as a precondition of their troop withdrawal.

If this logic of brute force can stand, is it true that aggression is right and anti-aggression is a crime?

The international community has advised Vietnam to reexamine its attitude toward the CGDK's 8-point proposal. At present, some 50 to 60 countries in the world have publicly voiced their support of this proposal.

With their logic of brute force, the Vietnamese authorities have adopted a hostile attitude toward the international community's advice and continue to reject the CGDK's peaceful 8-point proposal. This proves that Vietnam has absolutely no intention of withdrawing its troops from Cambodia and settling the Cambodian issue by political means.

The Vietnamese authorities' arrogant attitude and stubborn stance have actually placed them in a position of opposition to almost all countries in the world.

Today, in the 1980's, Vietnam's attempt to use force to conquer a small country is entirely impossible. If Vietnam does not change its attitude, it will only be driven deeper into an already critical situation both at home and abroad.

XU XIN FETES VISITING FRENCH ARMY CHIEF OF STAFF

OW201854 Beijing XINHUA in English 1457 GMT 20 Oct 86

[Text] Beijing, October 20 (XINHUA) -- General Maurice Schmitt, chief of staff of the French Army, and his party were honored at a banquet given by Xu Xin, deputy chief of the General Staff of the Chinese People's Liberation Army, here this evening.

Xu said at the banquet that both China and France pursue independent foreign and defense policies and share the desire to develop their friendly relations.

He said that he is confident of furthering the fruitful cooperation between the two countries and armies.

Schmitt said the purpose of his current visit to China is to strengthen the already consolidated bilateral relations marked by sincerity, mutual trust and friendship.

He said both France and China love peace and know the necessity of possessing the means to make others respect peace. In that context, the modernization of armed forces has become a priority for the two countries.

This morning, Xu and Schmitt exchanged views on issues of common interest. In the afternoon, Schmitt and his party visited the National Defense University of the Chinese People's Liberation Army.

Visitor Meets Yang Dezhi

OW212200 Beijing XINHUA in English 1527 GMT 21 Oct 86

[Text] Beijing, October 21 (XINHUA) -- Yang Dezhi, chief of the general staff of the Chinese People's Liberation Army (PLA), met here today General Maurice Schmitt, chief of staff of the French Army.

Yang told the French guests that their visit to China indicated continued development of the friendly relations between the Chinese and French peoples and Armed Forces.

He wished to see increasing contacts and technical exchanges between the two Armed Forces.

Schmitt said: "This is also our hope. Our military academies and army units are open to our Chinese colleagues."

The French guests are scheduled to leave tomorrow on a tour of Shijiazhuang, Xian, Nanjing, Guilin and Guangzhou.

Yang asked the French guests to give their opinions during the visit.

Schmitt said he appreciated the bravery and military training of the PLA.

This morning, the French Army chief laid a wreath at the Monument to the People's Heroes, and visited an artillery unit.

FURTHER REPORTAGE ON HONECKER'S VISIT

More Talks With Hu Yaobang

LD221044 East Berlin ADN International Service in German 0142 GMT 22 Oct 86

[Text] Beijing, 22 Oct (ADN) -- Erich Honecker and Hu Yaobang, general secretaries of the SED Central Committee and the CPC, continued today the talks they began yesterday in Beijing. The talks, lasting several hours, which focused on questions of the international policy of the two parties and states and on the world situation, was again marked by great openness and cordiality.

Hu Yaobang, who was the first to speak in this round of talks, pointed out that since the 3d Plenary Session of the 11th CPC Central Committee in 1978 important transformations have taken place in his country's domestic and foreign policy. In foreign policy the struggle for peace is the central issue, which requires independent decisions in line with specific conditions. This is important both for the development of relations with all socialist countries and for relations with the capitalist states and countries of the Third World.

Hu Yaobang stressed his country's sincere desire to develop relations with all socialist states. It is gratifying that the GDR is engaged in great activity in this respect. His country respects the foreign policy developed by the other socialist states. China hopes very much that all socialist states will continue to progress and flourish from year to year, to the benefit of their peoples and the advancement of mankind.

In explaining China's policy toward the capitalist states Hu Yaobang stressed his country's desire to develop relations of peaceful coexistence and cooperation with them in economic, scientific-technical, cultural and other spheres. This is advantageous for construction in one's own country and for world peace. At the same time China will never ease its criticism regarding the activities of the major capitalist countries, which are damaging world peace and are violating the principles of equality and mutual benefit.

Hu Yaobang expressed his concern about the situation in Europe, which he described as the focus of conflicts. If one speaks about detente in the world, one has to strive primarily for detente in relations between East and West European states. He praised the active policy of dialogue pursued by the GDR toward the states in West Europe. Hu Yaobang gave a briefing on his trip to four European countries last June.

The CPC Central Committee general secretary also spoke in detail about his country's relations with countries in Asia, Africa and Latin America. It is state policy to decisively support the developing countries' struggle against imperialism and colonialism, for the prevention of their national interests, for the development of their national economies and for the defense of their national sovereignty.

Erich Honecker underscored the importance of the policy of peaceful coexistence for a peaceful life together and the future of the peoples. He expressed his full agreement with the remarks of the CPC Central Committee general secretary, stressing that the GDR sees the policy of peaceful coexistence as one of the most important elements of international politics.

With reference to his recent numerous meetings with statesmen from north, West and south Europe Erich Honecker said that it has been confirmed that peace in Europe can be safeguarded and that the European house can be constructed only by respecting the existing realities, on the basis of the principles of peaceful coexistence and thus in agreement with international law. That also applies to relations between the GDR and the FRG.

There was agreement on both sides about the continuing development of relations between the SED and the CPC. The International Relations Departments of the two parties' Central Committees were directed to work out the proposed measures in detail.

At the conclusion of the second round of talks Erich Honecker invited Hu Yaobang for an official visit to the GDR. This invitation was accepted with great pleasure.

'Text' of Li Xiannian Toast

LD220019 East Berlin ADN International Service in German 1423 GMT 21 Oct 86

[Text] Beijing, 21 Oct (ADN) -- The text of the toast by PRC President Li Xiannian is as follows:

In the middle of the golden Beijing autumn, Comrade Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, accepted the invitation by General Secretary Hu Yaobang and myself to come to our country on an official friendship visit. We are extremely pleased about this.

Permit me, on behalf of the CPC Central Committee and the Chinese people, and also on behalf of General Secretary Hu Yaobang as well as in my own name, to welcome Comrade Erich Honecker and the other GDR comrades most sincerely and warmly.

You are the first high-ranking person from the GDR to pay an official visit to the PRC since the establishment of diplomatic relations between our two countries in 1949. During your stay, we will conduct a broad and detailed exchange of views on questions of mutual interest. I am convinced that Comrade Honecker's visit will considerably deepen the mutual understanding and friendship between both states and peoples, introduce a new stage in bilateral relations of friendship and cooperation, and thus enter into the history of relations between our two states as an important event.

The PRC and the GDR were both founded in October, 1949. The Chinese people have always admired with friendly feelings the enormous achievements of the people of the GDR over the past 37 years, and especially since the eighth SED Congress, in socialist construction. The GDR has already become an economically developed socialist state. I would like to take this opportunity to warmly congratulate the people of the GDR on this.

After the founding of New China, there were many twists and turns on the path of socialist construction in our country, but considerable successes have also been achieved. Our party and government have conscientiously evaluated both positive and negative experiences and lessons from their activity. They have rallied all nationalities of the Chinese people around them in order to advance the various economic reforms in a planned and progressive manner, in town and country, and to prepare a political reform.

Our goal is to build up China into a flourishing and strong socialist state with a high-developed democracy and culture.

At the recently ended 6th Plenary Session of the 12th CPC Central Committee the important decision on the guiding principles of the development of socialist intellectual culture was made. This decision is of great and far-reaching importance for promoting the modernization process in our country, and for building socialism with Chinese characteristics.

The safeguarding of peace and economic development are the common wish of our two peoples. In both countries, socialism is being constructed. Our relations of friendship and cooperation, which are based on mutual respect, equal rights and mutual benefit, have experienced a great development. Both countries need a permanently peaceful environment and are making indefatigable efforts to attain it.

The GDR, and in particular Comrade Erich Honecker personally, has unceasingly striven for detente regarding the situation in Europe as well as striven for the preservation of world peace, and has made important contributions. We have a very high regard for this. China is pursuing an independent peace policy and is actively trying, on the basis of the five principles of peaceful coexistence to develop relations with all the world's states. China believes that international disputes should be settled by means of negotiations. It is against any form of aggression, expansion and the arms race, and supports the just cause of all the peoples of the world. We believe that by acting in this way we are being useful to peace and world stability. At present, the danger of war still exists, but the forces of peace have grown strongly.

We are firmly convinced that if all peace-loving states and peoples act, then world peace can certainly be preserved. And it is just this which is so close to the hearts of the peoples of the world.

'Text' of Honecker Toast

LD211814 East Berlin ADN International Service in German 1439 GMT 21 Oct 86

[Text] Beijing, 21 Oct (ADN) -- This is the text of the toast by Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council:

I want to thank you once more very cordially for your invitation to visit your great and beautiful country, which is successfully constructing socialism. I accepted the invitation to visit socialist China, the home of thousands of years of culture and rich revolutionary traditions, with pleasure. Permit me to convey to you the feelings of friendship of the communists and all the people of the GDR.

We are very impressed with the exceedingly cordial reception which we were given from the first minutes of our stay on Chinese soil. We felt deep sympathy and friendship everywhere. It was a particular pleasure for me to see Comrade Hu Yaobang here in Beijing again, a good comrade-in-arms from the international youth movement in the 1950s. I consider that to be a firm bridge of traditional friendship and cooperation between our peoples and the great targets which we have jointly set ourselves in socialist construction.

I and my delegation look forward with great anticipation to our further talks. We are certain that this visit will contribute to comprehensively strengthening the friendly relations between our two states and peoples as well as to securing socialism and peace.

We are continuing the relations which are rich in tradition between the communists and the revolutionary workers' movement of our two countries, which was founded in joint struggle in the 1920s and 1930s by such revolutionary leaders as Ernst Thaelmann and Wilhelm Pieck, Zhou Enlai, and Zhu De, with our meetings in our country. May I be permitted here to recall the great solidarity movement of progressive forces in our country during the 1920s under the slogan "Hands Off China". It will always be a symbol of our joint struggle. Our parties and states developed wide cooperation after the founding of the GDR and the PRC. Many comrades from the GDR visited your country in the difficult early years and experienced the enthusiasm and confidence in victory of the Chinese people in the construction of a new social order, in the same way that we were able to welcome many comrades from your country in our country as well.

In our first talks today the struggle for safeguarding peace took up much of the time, which is not surprising in view of the complicated international situation. With satisfaction we were able to note that the GDR and the PRC consider the preservation of peace to be the fundamental requirement of our time. Our two states set themselves demanding targets. They are implementing a long-term modernization program for the whole country. We are in process of consistently continuing the course of unity of economic and social policy reaffirmed by the 11th SED Congress. These tasks can only be realized in peace. In the same way that the safeguarding of peace is indispensable for the construction of socialism, the construction of socialism is of decisive importance for the safeguarding of peace. This conviction is also demonstrated by the fact that leading representatives of your country has repeatedly emphasized, particularly in this "International Year of Peace" of the United Nations, that China needs peace, that the Chinese people love peace, that it is fundamental interest to them.

China's clear position against the militarization of space is an important position, aware of the responsibilities against a new dimension of the arms race which conjures up new incalculable dangers for mankind. The voting success at the United Nations for the joint resolution by the USSR, the PRC, and the nonaligned states against the militarization of space was an encouragement to peace forces throughout the world to increase the struggle against "star wars". The PRC reaffirmed at the 41st UN General Assembly its position against extending the arms race into space; for a complete ban and the total destruction of all nuclear, chemical, and biological weapons; as well as for a substantial reduction of conventional weapons, for dialogue and cooperation, and for the peaceful settlement of all conflicts and differences in the international arena. This point of view is also taken by the GDR. Thus, the PRC has put its significant weight into the balance for peace, disarmament, and security in the decisions which have to be taken by mankind today.

War is no longer a means of international politics in the nuclear-space age. A nuclear inferno would be the self-destruction of mankind. What the world needs is the broadest international cooperation for arms limitation and disarmament, an equal measure of security for all peoples and states. It needs the dismantling of political confrontation and a turn to the joint management of the global problems which face it. Account must be taken of the fact that the states, with all their variety and differences, live on one and the same planet in close proximity and that tension and danger pass nobody. The course and result of the meeting between Mikhail Gorbachev and Ronald Reagan in the Icelandic capital, Reykjavik, underline the need for reason and realism to gain the upper hand in the end. We support the comprehensive measures which Gorbachev proposed in the interest of safeguarding peace.

In line with its deeply peaceful, humanist nature, socialism is doing its utmost to reduce the present dangers and tensions and to wholly eliminate them. This is shown by the well-known initiatives of the USSR, the proposals of the Warsaw Pact member-states, the efforts of all states in the world of socialism. As for the GDR, it puts special effort into making an effective contribution to a secure peace and good-neighborliness on the dividing line between the two social systems and the two great military blocs in the center of Europe. The struggle for peace and international security is a global concern which includes Asia as well. In accordance with the fundamental significance of this question, political prudence, statesman-like wisdom, and the desire to solve regional problems will thus in the long-term open up paths for placing, over and above that which divides people, peace and cooperation as a shared concern at the center of policies. We regard the efforts to promote a readiness for dialogue in Asia as suitable steps for improving the situation on that continent and at the same time as a weighty contribution to world peace.

The GDR will continue in future to support all initiatives by the socialist states of this continent which contribute to strengthening peace and socialism. In April this year the 11th SED Congress adopted its strategy for further shaping an advanced socialist society in the GDR. It was based on solid successes in the 1981-85 5-year plan.

The economic tasks were well fulfilled despite the tense international situation. The socialist planned economy, which links central management with local initiative, the modern structure of our industry in the form of combines with a high degree of self-responsibility on the basis of economic accountability, have demonstrated their efficiency and will continue to do so in the future.

At our party congress we opted to consistently continue the course of the unity of economic and social policy. It is, as we have stated, our main battleground. The intensification of production, the broad application of the most up-to-date science and technology and of high technologies are proving to be a guarantee for dynamic growth in performance. The welfare of people is at the heart of our activity. Our people's living standards have steadily risen. We are moving forward with great optimism in order to solve above all the housing question as a social problem by 1990. Our people responded to the decisions of the 11th SED Congress with new initiatives and great labor output. According to all our experiences, the unity and cohesion of party, the close relationship of trust between the party and people are guarantees for the implementation of the planned goals, for progress into the bright socialist future.

We are following with great attention the efforts of the Chinese people in socialist construction under the leadership of its Communist Party. The successes are obvious. Huge changes are taking place in industry and agriculture, in science and technology. Although I have only been in your country for a few hours, I had an opportunity to see some of your great construction achievements for myself. The capital, Beijing, is a huge socialist construction site. Parts of the city which have evolved historically and parts which are being newly-built complement each other harmoniously. The new residential complexes show that the focus in the PRC too, is on steadily improving the people's living conditions.

Allow me at this point to warmly congratulate you on your successes in the building of socialism in the PRC. At the same time I wish you success in implementing the goals of the Seventh 5-Year Plan, which were adopted at the Fourth Session of the Sixth National People's Congress.

We are certain that the Chinese people will approach these great tasks with much vigor and creativity. Our two states may be geographically far apart, but we are linked by the socialist social order and our shared striving for peace. A marked revival in our relations has come about as a result of our mutual efforts. Thus, a gratifying improvement in the political, economic, and cultural spheres was noted in the 11th SED Congress.

The strengthening of socialism, the consolidation of peace, and the friendship between our people will always be the guiding principles of our actions. Special importance is attached to economic cooperation. The agreements concluded on economic, trade, and scientific-technical relations and the forthcoming signing of the "Agreement for the Development of Long-term Economic and Scientific-Technical Cooperation Between the GDR and the PRC" provide a solid foundation for future development. I am firmly convinced that my visit to your country and my further talks will turn a new page in the chronicle of relations between the GDR and the PRC.

Lays Wreath at Monument

LD221014 East Berlin ADN International Service in German 0124 GMT 22 Oct 86

[Excerpts] Beijing, 22 Oct (ADN) -- On the 2d day of his visit to the PRC Erich Honecker, general secretary of the SED Central Committee and Chairman of the GDR State Council, paid tribute to heroes of the Chinese people at the memorial in Tiananmen Square in Beijing this morning. Erich Honecker laid a wreath bearing the inscription "Glory and Honor to the Heroes of the Chinese People."

Members of the three branches of the Chinese People's Liberation Army formed a guard of honor along the steps to the monument. They presented arms as the GDR head of state and the public figures accompanying him appeared before the obelisk. A band played an anthem devoted to the dead Chinese patriots. Soldiers carried the wreath with red and yellow carnations to the base of the memorial. Erich Honecker, accompanied by Qian Qichen, Chinese deputy minister of foreign affairs, maintained a moment's silence. [passage omitted]

After the commemoration Erich Honecker visited the memorial to the heroes of the people which was unveiled in 1958. [passage omitted]

Meets With Zhao Ziyang

LD221046 East Berlin ADN International Service in German 0754 GMT 22 Oct 86

[Text] Beijing, 22 Oct (ADN) -- Erich Honecker, general secretary of the SED Central Committee and chairman of the SED State Council, this afternoon (local time) continued his talks with leading PRC politicians. In the National People's Congress Palace he met with Zhao Ziyang, member of the CPC Politburo Standing Committee and premier of the PRC State Council.

Visits Palace Museum

OW221101 Beijing XINHUA in English 1044 GMT 22 Oct 86

[Text] Beijing, October 22 (XINHUA) -- Top leader of the German Democratic Republic (GDR) Erich Honecker said here today that his country will increase its cultural exchanges with China.

During a visit to the well-known Palace Museum this afternoon in the company of Chinese Vice-Minister of Culture Liu Deyou, Honecker said that he had brought this issue to General Secretary Hu Yaobang during a meeting earlier today.

"I think we should further expand bilateral cultural exchanges on the basis of the guidelines of the agreements signed by the two countries," he added.

Honecker also hoped for close ties between the culture ministries of the two countries.

The top GDR leader showed great interests in the 560-year-old palace, praising its "high architectural art."

Honecker told the guide after the visit that he was very pleased to visit the world-known Palace Museum, a site of historical interest, which demonstrated the "super architectural techniques of the hardworking Chinese people."

Moreover, he said he was deeply impressed by the efforts made by the Chinese Government in protecting the treasures for the coming generations and wished China greater success in this regard.

LI PENG EXCHANGES VIEWS WITH GDR'S MITTAG

OW220346 Beijing XINHUA in English 0239 GMT 22 Oct 86

[Text] Beijing, October 22 (XINHUA) -- Chinese Vice-Premier Li Peng met Guenter Mittag, member of both the Political Bureau and the secretariat of the Central Committee of the Socialist Unity Party of Germany and vice-chairman of the State Council of the German Democratic Republic, here this morning.

They exchanged views on the expansion of bilateral economic relations.

PRC, GDR PARTY LIAISON CHIEFS HOLD TALKS

OW221113 Beijing XINHUA in English 1106 GMT 22 Oct 86

[Text] Beijing, October 22 (XINHUA) -- Zhu Liang and Guenter Sieber, heads of International Liaison Departments of the Chinese Communist Party and the German Socialist Unity Party, held talks here today.

They exchanged views on the present state of the international communist movement, and on ways to increase contacts exchange of experiences between the two parties. They reached agreement on the issues discussed, sources close to the talks said.

The talks between the two liaison officials today were held in accordance with an agreement reached between Hu Yaobang and Erich Honecker, general secretaries of the two parties. Honecker is now in Beijing on an official visit, the first one by a top leader of the German Democratic Republic to China.

WEN WEI PO ON 'NEW PERIOD' IN PRC-GDR RELATIONS

HK220408 Hong Kong WEN WEI PO in Chinese 22 Oct 86 p 2

[Editorial: "PRC-GDR Relations Enter a New Period"]

[Text] China grandly welcomes Erich Honecker, general secretary of the Socialist Unity Party of Germany and chairman of the Council of State, on his visit to China. CPC General Secretary Hu Yaobang and Chinese President Li Xiannian held friendly talks with him on separate occasions on the first day of his visit.

The talks involved political and economic issues and the international situation. Both sides held identical views on the questions of safeguarding world peace and easing tension. They also discussed the question of restoring relations between the two parties. During the talks, Hu Yaobang pointed out: Honecker's visit to China indicates that the friendship between the two countries and two parties has entered a new period.

As is known to all, China and East Germany have had diplomatic relations for 37 years. For a considerable period, relations between China and East European countries and ruling parties were at a low ebb. The cause did not lie either on the Chinese or East European side but on the superpower that did not want East European countries to develop friendly relations with China. It would have been unimaginable for East European leaders to visit China during the Khrushchev and Brezhnev period.

However, the trends of the whole world have changed nonetheless. These trends have two characteristics: One is reform and the other's dialogue. The tide of reform has emerged among the socialist countries one after another. Even the traditional Soviet pattern has inevitably come under pressure. Dogmatism has received a strong blow. The time when "there is only one pattern and one center" has gone.

East European countries have turned their eyes to China. They are very much interested in China's reform and hope to exchange experience and to cooperate with each other. Polish leader Jaruzelski was the first to visit China. Later, Hungary, Czechoslovakia, and Bulgaria rushed to board the "Beijing train." East German party leader Honecker has even raised the question of developing relations with China to the high plane of safeguarding world peace.

The primary task of ruling parties in socialist countries is to develop the national economy and to improve the living standards of the people. The trends of reform have basically reflected this historical demand. However, in order to succeed in conducting reform and developing the economy, it is essential to have a peaceful international environment and to eliminate the hot spots of international tension. The parties of China and East European countries are therefore confronted with a common task. They should join hands in promoting East-West dialogue and detente and advocate the use of peaceful means and not armed clashes or arms races in resolving international differences and disputes. China is the first to reduce the size of its Armed Forces by 1 million. It has also put forward a positive proposal on global disarmament, called on the Soviet Union to remove the three major obstacles between China and the Soviet Union with concrete actions, and urged the United States and the Soviet Union to hold serious talks and to achieve nuclear arms reduction. East Germany has also made similar efforts to reduce tensions in Europe. Because of these common grounds, China and East Germany have a solid foundation to develop their bilateral relations and the relations between the two parties and two countries have the necessary conditions to enter a new period.

GDR'S NEUES DEUTSCHLAND PRAISES LU XUN

OW201116 Beijing XINHUA in English 0820 GMT 20 Oct 86

[Text] Berlin, October 19 (XINHUA) -- Democratic German poet E. Schellner wrote an article marking the 50th anniversary of the death of Chinese author Lu Xun in the October 19 edition of the "NEUES DEUTSCHLAND."

The article says the Lu Xun, an erudite forefather of Chinese modern realistic literature, made an outstanding contribution to the literary world by writing a great number of literary works. Schellner describes Lu Xun as a brave fighter against oppression and imperialism.

Schellner praises Lu Xun as a forerunner in friendship between China and Democratic German and as a friend in the literary sphere where a lot of his literary works, particularly the novel "The True Story of A Q," have been familiar to German writers.

Although half a century has passed since Lu Xun's death, the article says, Lu Xun's influence of his works is spreading.

LI XIANNIAN MEETS BULGARIA'S ANDREY LUKANOV

OW191440 Beijing XINHUA in English 1430 GMT 19 Oct 86

[Text] Shanghai, October 19 (XINHUA) -- Chinese President Li Xiannian met with Andrey Lukanov, first vice-chairman of the Council of Ministers of Bulgaria, and his party here today.

Li said both China and Bulgaria are building socialism, but each country should carry out socialist construction according to its own specific conditions.

"We have been building socialism for several decades. But a lot of issues still need to be explored. Our two countries can exchange experience in this respect," Li added.

Lukanov agreed with President Li's views, saying that in building socialism every country should work in a down-to-earth manner. Only thus can they find solutions to the problems that have surfaced.

Li and Lukanov exchanged views on issues of common concern during the meeting which proceeded in a cordial atmosphere.

Lukanov conveyed the best wishes to President Li and other Chinese leaders from T. Zhivkov, and wished the Chinese people still greater successes in socialist construction.

Li Xiannian said that Zhivkov is an old revolutionary in Eastern Europe. In the eyes of the Chinese Communist Party and people, Bulgaria is always linked with the glorious image of Dimitrov who was an outstanding communist revolutionary. Chinese revolutionaries had drawn wisdom and strength from his works.

The Chinese leader also congratulated the Bulgarian people on their achievements in socialist construction.

Lukanov and his party arrived in Shanghai from Tianjin by plane this afternoon. In the evening Jiang Zemin, mayor of Shanghai, gave a banquet in honor of the Bulgarian guests.

While in Tianjin, the Bulgarian guests visited the Tianjin transportation machinery plant, the Tianjin department store and an ancient cultural street.

LI PENG MEETS WITH MAYOR OF PRAGUE, PARTY

OW171853 Beijing XINHUA in English 1501 GMT 17 Oct 86

[Text] Beijing, October 17 (XINHUA) -- Chinese Vice-Premier Li Peng met here today with Frantisek Stafa, mayor of Prague, Czechoslovakia, his wife and their party.

Li said Beijing is a political, cultural and economic center and has made some progress in recent years. But, he added, compared with other capital cities in the world, Beijing still has a long way to go. He welcomed the visitors to raise their suggestions.

Stafa said that he was impressed by Beijing's construction achievements and the improved livelihood of its residents. He invited Beijing Mayor Chen Xitong to visit his city and Chen, who was present at the meeting, accepted the invitation.

Stafa arrived here October 14 as guest of the Beijing municipal government.

PRC, POLAND TO FURTHER COOPERATE IN SHIPBUILDING

OW190749 Beijing XINHUA in English 0707 GMT 19 Oct 86

[Text] Warsaw, October 19 (XINHUA) -- A Chinese shipbuilding industry delegation ended its 23-day visit to Poland on Saturday after reaching agreement with its host on a 1987 cooperation plan in the shipbuilding industry.

Under the plan, the two countries will cooperate in such areas as ship designing and ship hydromechanics.

China and Poland have increased their cooperation in the shipbuilding industry in the past few years.

Poland is a country with a developed shipbuilding industry. Last year, it built 55 ships with a total tonnage of 655,000, making it the fifth biggest ship-builder in the world.

'FULL TEXT' OF PRC CONDOLENCES TO MOZAMBIQUE

0W212345 Beijing XINHUA Domestic Service in Chinese 0735 GMT 21 Oct 86

[Text] Beijing, 21 Oct (XINHUA) -- Chinese party and state leaders Hu Yaobang, Li Xiannian, and Zhao Ziyang today sent a message to Mozambican leaders, expressing deep condolences over the death of President Machel in a plane crash. The full text of the condolence message reads:

Your Excellency, the respected Dos Santos, member of the Political Bureau of the Mozambique Liberation Front and secretary of the Permanent Commission of the Mozambique People's Assembly,

Your Excellency, the respected Machungo, prime minister of the People's Republic of Mozambique:

We are shocked to learn that His Excellency Samora Moises Machel, chairman of the Mozambique Liberation Front and president of the People's Republic of Mozambique, was killed in a plane crash. On behalf of the Chinese Communist Party, the Chinese Government and people, and in our own names, we wish to express our profound condolences to you and, through you, to the Mozambique Liberation Front, the government, and people; and our heartfelt sympathy for the family of President Machel.

As an outstanding leader of the Mozambican people, President Machel made great contributions in leading the Mozambican people in the struggle to gain and consolidate national independence; safeguard state sovereignty; develop national economy; and fight imperialism, colonialism, and South African apartheid. He also exerted persistent efforts to promote peace and cooperation in southern Africa and unity among the Third World nations. His death is a great loss for the Mozambican people and the Third World as well.

President Machel was a respected old friend of the Chinese people. He always attached great importance to friendship and cooperation between the people of the two countries and worked for improvements. The Chinese people feel great grief over his death.

We believe that under the leadership of the Mozambique Liberation Front and the Mozambican government, the Mozambican people will turn sorrow into strength and continue to strive for national unity; defend their state sovereignty and territorial integrity; develop their national economy; build their country; and safeguard African unity.

[Signed] Hu Yaobang, general secretary of the CPC Central Committee

Li Xiannian, president of the People's Republic of China

Zhao Ziyang, premier of the PRC State Council

[Dated] Beijing, 21 Oct 1986

MARSHAL YE JIANYING DIES 22 OCT IN BEIJING

OW220237 Beijing XINHUA Domestic Service in Chinese 0212 GMT 22 Oct 86

[Text] Beijing, 22 Oct (XINHUA) -- Marshal Ye Jianying, a long-tested communist fighter, great proletarian revolutionary and military strategist, and one of the founders of the Chinese PLA, died at 0116 [1716 GMT 21 Oct -- FBIS] this morning in Beijing, despite all medical treatment. He was 90.

An official obituary on the passing of Ye Jianying will be issued by the CPC Central Committee, the NPC Standing Committee, the State Council, and the Central Military Commission.

XINHUA Transmits Biography

OW220938 Beijing XINHUA in English 0906 GMT 22 Oct 86

[Text] Beijing, October 22 (XINHUA) -- Marshal Ye Jianying, who passed away early this morning, made magnificent contributions to the liberation and socialist cause of the Chinese people.

At the critical junctures of the Chinese Revolution, particularly in the struggles to smash Zhang Guotao's plot of splitting and harming the party Central Committee in 1935 and to smash the Jiang Qing counter-revolutionary clique in 1976, Ye Jianying made extraordinary contributions.

Ye Jianying was born on April 28, 1897 in Meixian County, Guangdong Province. During his early years, he followed Dr. Sun Yat-sen and threw himself into China's democratic revolution, participating in the preparations for the setting up of the Huangpu Military Academy and in the northern expedition (1926-27).

In September 1927, Ye Jianying joined the Communist Party secretly and in December led the Guangzhou Uprising, which is of great historic significance as it took place at a time when the Communist Party began to lead the revolutionary war independently.

In October 1934, Ye Jianying embarked on the famous Long March, and served as commander of the first column.

The enlarged meeting of the Political Bureau of the party Central Committee held in Zunyi, Guizhou Province, in January 1935 corrected the erroneous leadership of left dogmatism and established Mao Zedong's leadership in the party Central Committee and the Red Army. At this crucial juncture, Ye resolutely supported the decision of the Zunyi meeting.

In August 1935, the Political Bureau of the party Central Committee held a meeting in Maoergai and decided to divide the Red Army into left and right columns to cross the grasslands northward to southern Gansu. But Zhang Guotao who led the left column refused to go northward and insisted that the Central Red Army should go southward.

In early September, Ye got Zhang Guotao's secret telegraph message which attempted to harm the party Central Committee, and promptly sent it to Mao Zedong. The Central Committee decided to lead the First and Third Army Groups northward to escape from the danger.

In September 1936, he was sent to Xian to contact patriotic forces there. "Xian Incident" took place on December 12, as patriotic Generals Zhang Xueliang and Yang Hucheng arrested Chiang Kai-shek who was there to force them to fight the Red Army, demanding Chiang to resist Japan. Ye Jianying assisted Zhou Enlai, the representative of the party Central Committee, in implementing the party's correct policy of settling the incident peacefully and compelling Chiang Kai-shek to cease civil war. Thus the Kuomintang and Communist Party came to cooperate for the second time, this time in fighting the Japanese invasion.

The War of Resistance to Japan broke out in 1937. Ye became the Eighth Route Army's representative in Nanjing, actively working to expand the national united front against Japan in Kuomintang-controlled areas. Afterwards, he returned to Yanan to assist Chairman Mao Zedong and Commander-in-Chief Zhu De in directing the fighting against the Japanese invaders.

In January 1946, Ye Jianying, as representative of the Chinese Communist Party, flew to Beijing to set up an executive headquarters with the American representative for military mediation to carry out the truce order issued on January 10 in line with the truce agreement between the Communist Party and the Kuomintang.

Beijing was peacefully liberated in January 1949 and Ye became its mayor. He later took part in commanding the campaigns to liberate Guangzhou and Hainan Island.

After he was transferred to Beijing in October 1954, Ye Jianying served as vice-chairman of the Revolutionary Military Council of the Central People's Government and other important posts. He was made a marshal of the People's Republic of China in the following year, and took charge of the whole Army's military training.

During the ten-year turmoil of the "Cultural Revolution", Ye waged indomitable struggles against the Lin Biao and Jiang Qing counter-revolutionary cliques in various forms. He took a number of measures within his powers to uphold party leadership, stabilize the Army and protect veteran cadres. On many occasions, he reprimanded Jiang Qing, Chen Boda and Kang Sheng for disturbing the party, the factories and rural areas.

After Lin Biao's betrayal and death in September 1971, Ye took charge of the day-to-day operations of the Military Commission, playing an important role in stabilizing the situation in the whole country and the Army.

Between 1971 and 1973, he took part in the work of receiving Henry Kissinger, special adviser to the U.S. president on national security, U.S. President Richard Nixon, and Japanese Prime Minister Kakuei Tanaka.

After Mao Zedong died in September 1976, the Jiang Qing counter-revolutionary clique stepped up its conspiracy to seize the supreme leadership of the party and state. In October, Ye Jianying and other comrades on the Political Bureau took resolute measures to smash the clique. Ye played a pivotal role in this historic struggle.

From the end of 1976 to the first half of 1977, Ye Jianying insisted on inviting Deng Xiaoping, Chen Yun and other long-tested revolutionaries of the older generation to take charge of the leadership of the party and state and redressing all the wrongly and falsely charged cases.

In December 1978, Ye, together with Deng Xiaoping and other leaders of the party Central Committee, reestablished the Marxist ideological and political lines of the party, bringing about a historic change in the party's policy.

In January 1979, he, as chairman of National People's Congress Standing Committee, presided over a NPC Standing Committee meeting to adopt and issue a "message to compatriots in Taiwan", which states that the reunification of China now fits in with popular feeling and the general trend of development, calls for developing trade, making up for each other's need and creating economic interflow on both sides of the Taiwan Straits, and advocating shipping and postal services at an early date.

Ye issued on September 30, 1981 a famous statement on the policy concerning Taiwan's return to the motherland for the realization of China's peaceful reunification. He proposed that talks be held between the Communist Party and the Kuomintang on a reciprocal basis to bring about cooperation for the third time.

In 1983, on account of poor health, Ye Jianying requested not being nominated and elected a deputy to the Sixth National People's Congress. And two years later, he again requested that he would not assume the post of a Standing Committee member of the Political Bureau of the Communist Party Central Committee. Nevertheless, his monumental feats in the revolutionary struggles over the past half century earned him high prestige and respect among the Chinese people.

OFF-SHORE SONAR SYSTEM PASSES APPRAISAL

OW210628 Beijing Domestic Service in Mandarin 0200 GMT 21 Oct 86

[Text] The JIEFANGJUN BAO reported that China's first automatic off-shore depth-measuring system made by the Naval Oceanic Survey and Cartography Research Institute passed technical appraisal on 18 October in Tianjin. This automatic system will be of significance to the development of our country's ocean surveying work, the exploitation of marine resources, and the strengthening of maritime operations capacity.

YAO YILIN ON FINANCIAL, ECONOMIC DISCIPLINE

OW220003 Beijing Domestic Service in Mandarin 1200 GMT 20 Oct 86

[Text] The 1986 General finances, Taxation, and Commodity Prices Inspection Work Team, under the State Council, has been formed and is ready to visit the 28 provinces, autonomous regions, and municipalities and begin inspections. Meeting with all the team members of Zhongnanhai today, Vice Premier Yao Yilin pointed out: Since we are in the process of making reforms, opening our country to the outside world, and invigorating the economy, we must stress all the more financial and economic discipline, lest the national economy be affected.

Yao Yilin said: Last year the reason we enjoyed a surplus in the balance of revenue and expenditure, relatively stable market prices, and a rather harmonious economy was the numerous measures taken by the central authorities, one of which was the general inspection of finances, taxation, and commodity prices. Politically, the general inspection, conducted in coordination with the rectification of party style, exposed and dealt with many economic problems, and helped improve party style and the general mood of society.

Talking about why we have to repeat the inspection this year, Yao Yilin said: At present the reform of the economic structure is developing in depth, and we are in transition from the old structure to the new one. The legal system is not yet perfect, and the phenomena of failing to comply with laws and regulations and of deliberately breaking the law are still rather commonplace. Also, last year's general inspection was not thoroughly executed. Therefore, the State Council has decided to continue the inspection this year.

Vice Premier Yao Yilin called on the team to pay special attention to maintaining policy. When handling problems, the team should try to seek truth from facts and act with proper leniency and strictness. They must not only rigorously enforce financial and economic regulations but also ensure the smooth progress of reform and economic development.

STATE TO LOOSEN CONTROLS OVER ENTERPRISES

HK211012 Beijing CHINA DAILY in English 21 Oct 86 p 2

[By staff reporter]

[Text] Loosening of the State's control over enterprises and the encouragement of free trade in raw materials will be high on China's economic structural reform agenda over the next five years, a top economic planner said yesterday.

By the year 1990, most State-owned enterprises will be asked to assume responsibility for their own gains and losses. Now, the State compensates for losses incurred by most State-owned enterprises.

And next year will see some major changes in government policy on raw material supply and pricing.

This was disclosed by Zhou Zhiyin, a member of the State Planning Commission, at the Sixth International Business Leaders' Symposium which opened in Beijing yesterday.

"Helping enterprises cultivate the capacity to develop on their own and to learn how to exercise self control is a major concern in our economic structural reform," Zhou said.

"By 1990, most State-owned enterprises will be asked to take responsibility for their gains and losses, and be encouraged at the same time to incorporate into various enterprise groups. The State will only exercise overall control," Zhou said.

On the supply and pricing of raw materials, Zhou said that the State will gradually allow more and more raw materials to be traded on the free markets, and prices will be allowed to fluctuate according to supply and demand.

"This is aimed at promoting a smoother flow of raw materials, so that the current situation of overstocking in one part of the country and lack of supply in another party can be improved," Zhou explained.

While reforming the existing economic structures, he said, China will launch a large number of new industrial projects over the next five years. The State has decided to invest about 1,300 billion yuan (\$351 billion) installing fixed assets from 1986 to 1990, 70 percent more than over the previous five years.

The projects included building 16 power-generating stations -- each with an installed generating capacity of more than 500,000 kilowatts -- more than 500 coal mines each capable of producing more than 1 million tons of coal a year, and railways, ports, airports, and raw material production centres.

RENMIN RIBAO EXPLAINS OWNERSHIP SYSTEM REFORM

HK031145 Beijing RENMIN RIBAO in Chinese 26 Sep 86 p 5

[Article by Li Yiming (0632 0110 3117): "A Conception of Reform of the Ownership System in our Country"]

[Text] Correct Understanding of Reform of the Ownership System [subhead]

The key link in the reform of our country's economic structure is to invigorate enterprises. In order to invigorate enterprises, we must first answer such questions as interests, responsibilities, incentives and motive force. If we do not carry out reform of the ownership system, we will not be able to solve these problems. So, reform of the ownership system is the key to reform of the economic structure.

Reform of the ownership system involves breaking through the traditional system of ownership by the whole people, and turning the traditional public ownership system into a new-type public ownership system.

Over the past few years, the biggest enlightenment people have been given by rural economic reform is: The vitality of the peasants originates from reform of the ownership system. That is, the transformation from "the three-level system of ownership of the means of production in the people's commune, with ownership by the production team as the basic form" into a system of contracted responsibilities on a household basis with payment linked to output, which is established on the basis of public ownership of land. The system of contracted responsibilities on a household basis with payment linked to output, is a new-type public ownership system which conforms with the development of productive forces and helps to invigorate the socialist commodity economy.

When carrying out reform of the ownership system in the cities, we should focus on establishing more and more stock and cooperative enterprises. People seldom doubt the public ownership system of cooperative enterprises. However, some people cannot understand the public ownership system of stock enterprises. I believe that stock enterprises established through reform of the ownership system are also a kind of new-type enterprise under the public ownership system. The stock enterprises embody the fundamental characteristic of a publicly owned economy, that is, the workers as a whole are the masters of the means of production. Furthermore, enterprises under the stock system have actually expanded the publicly owned economy instead of weakening it. This is because in actual economic life, the most important thing is not the amount of funds possessed but the amount of funds controlled by the publicly owned economy. The development of stock enterprises means a multiplication of the amount of funds controlled by the publicly owned economy.

Structures of the Ownership System After Reform [subhead]

Reform of the ownership system should be carried out in different ways in different departments of an enterprise, enterprises with different natures and enterprises of different scale. Structures of the ownership system after reform may include:

- 1) State enterprises which do not practise a stock system. These enterprises included: Banks, railroads, telephones, post and telecommunications, and other large enterprises which are the economic lifelines of the country. These enterprises should be allowed to operate according to an enterprises method and reform of these enterprises should be focused on perfecting the administrative and responsibility systems. However, newly established specialized banks, railroad companies, electric power companies and telecommunication companies can still become stock companies.
- 2) Small enterprises in the original repair trade, service trade, catering trade and retail commerce should be changed from state enterprises into enterprises which are rented or contracted out, or even sold to collectives. In future, no more state-owned small enterprises will be established in these trades and departments.
- 3) The original state-owned small factories will gradually be turned into cooperative factories. That is, the staff and workers will work as member of the cooperative and the factories will operate in the form of a cooperative. In future, no more state-owned small factories will be set up.
- 4) The original large- and medium-sized state enterprises in the general trade should be gradually turned into stock enterprises under the limited responsibility system according to their actual conditions. In future, all the big and medium-sized enterprises to be established in these general trades should be stock enterprises. The shares of the newly established stock enterprises should be issued by such agents as specialized banks and investment and trust companies. The newly established stock enterprises should set up boards of directors according to the number of shares, separate the functions of government from those of the enterprise, operate independently, and assume full responsibility for their own profits and losses. The state investment will be in the form of shares or in the form of long-term loans with interest.
- 5) The original Sino-foreign joint ventures and newly established Sino-foreign joint ventures should all be stock enterprises under the limited responsibility system, which should set up boards of directors according to the number of shares. (The proportion of foreign capital can be decided upon according to specific situations).

Thus, after reform of the ownership system, there will not be many wholly state-owned enterprises in our country. However, state enterprises will continue to control the lifelines of our national economy. The large majority of enterprises in our country will stock enterprises and cooperative enterprises. The former will mainly be large- and medium-sized enterprises while the latter will be mainly small enterprises. The stock enterprises will distribute their profits according to the numbers of shares. The cooperative enterprises are like cooperatives and the staff and workers are like members of a cooperative. Cooperative enterprises operate in the same way a cooperative does. Some cooperative enterprises can also have the characteristics of a stock enterprise in that they not only accept the shares of their own staff and workers who are members of the cooperatives, but also the shares of other people who are not members of the cooperatives.

Besides, a certain number of individually owned enterprises will also exist in our economy. These individually owned enterprises will become a beneficial supplement to the socialist economy under the system of public ownership.

The above-mentioned ownership system structures will represent the basic ownership system situation in the cities. Together with the contracted responsibilities system on a household basis with payment linked to output, which is established on the basis of public ownership of the land in the rural areas, the cooperative economic combines formed voluntarily between peasant households, town and township enterprises of a cooperative economic nature and so on, these ownership system structures will form the new ownership system of our country. This type of ownership system is bound to conform with the nature of our country's socialist economy and the standard of our country's productive forces for a long time to come.

Government Controls Shares and Becomes the Director [subhead]

A socialist country's participation in stock enterprises is shown in the fact that the government controls the stock enterprises' shares. Theoretically, the number of shares controlled by the government should account for more than 51 percent of the total but actually, there is no need for the government to control such large proportion of shares because the shares should be distributed. Generally speaking, the government only needs to control one third, two fifths, or even less of the total number of shares.

Here, we should be aware that the government does not necessarily control the shares of all stock enterprises. This is because departments and enterprises differ greatly from one another. If some departments and enterprises play a relatively important part in the national economy, it is necessary for the government to control some of their shares. As for those relatively less important departments or enterprises, the government may or may not control their shares. So far, there is no fixed model, so there is no need for us to decide the proportion of shares the government should control.

If the government controls shares, the government will have relatively large decision-making powers in the board room. The decision-making power is exercised by the government director who represents the interests of the state shares. Because of certain proportion of the enterprise shares is in the hands of the government, the interests of the state shares, and the interests of the enterprise shares, can be combined together and thus the government director who represents the interests of the state shares also represent the interest of the enterprise under such circumstances.

When enterprises become stock enterprises, the functions of the government are then separated from those of the enterprises. As independent commodity producers, enterprises assume full responsibility for their own operation and for their own profits and losses. They must observe the law and discipline, and must pay taxes according to the law. The government will not directly interfere in the operation of the enterprises. The board of directors, which is set up according to the number of shares, will make decisions for the enterprise. The government can influence the decisions of the enterprise through its shares in the enterprise and through the government director on the enterprise's board of directors. After paying taxes, the enterprise will distribute some of its profits according to the number of shares. The profits received by the government shares will belong to the government.

After enterprises become stock enterprises, they will institute the factory director responsibility system under the leadership of the board of directors. Factory directors will be invited and employed by the enterprise's board of directors and a system under which a director is responsible for fulfilling set quotas during his term of office will be implemented. The factory director will have the right to direct the production and operation of the factory, and the right to use personnel within the factory. The board of directors will award, continue to employ, or dismiss the factory director according to the actual results of his work.

The Enterprise Controls the Shares and Becomes the Director [subhead]

Enterprises can use their retained profits to buy their own shares, or shares of other enterprises as an investment.

If an enterprise has government investment, its own investment, and investment from other enterprises, and the amount of investment by each side has reached such a figure that each side can have a director on the enterprise's board of directors, then the enterprise's board of directors will at least consist of the directors from the three sides, namely, the government director, its own enterprise director and the enterprise director from other enterprises. The decision-making power of the board of directors will be distributed according to the number of shares and the number of directors on each of the three sides.

Because stock enterprises in the socialist economy are a new type of enterprise under the public ownership system, enterprise directors elected according to the number of shares controlled by the enterprise, are also directors who represent the interests of the economy under public ownership. This means that if the government possesses only a very small percentage of an enterprise's shares, and hence does not have any power over the board of directors, or if the government does not possess any shares issued by the enterprise, and hence does not assign any directors, the interests of the economy under public ownership will still be served in policy and decision-making powers because the directors (including those assigned by the enterprise and by other shareholding enterprises) represent the public economic interest.

The directors of an enterprise, and directors sent by other enterprises, are elected by the enterprise's workers congress. These enterprise directors will represent the interests of their own enterprise wherever they go.

All Levels Control Shares and the Enterprise Consortium [subhead]

After implementing the share control system, a large enterprise with great financial strength (obviously a large enterprise whose shares are controlled by the government) will carry out transdepartmental and transregional production and operations and set up its own branch companies, sub-branch companies and affiliated small companies, by controlling shares at various levels. The parent company, branch companies and affiliated small companies together form the socialist enterprise consortium (or enterprise consortium).

The core of the socialist enterprise consortium is a parent company which controls all the shares of the consortium, and is also responsible for policy making concerning the operation and management of the consortium. The branch companies and affiliated small companies are not only the branch and affiliated institutions but also economic entities which have their own independent economic behavior and assume full responsibility for their own profits and losses. [paragraph continues]

The parent company will exercise influence on them and implement its management policies in them by controlling the shares. This will help to avoid repeating the malady of the higher company administratively interfering in the lower companies. This is a company administrative structure combining both centralism and distribution of power, which is conducive to the rationalization of the economic behavior of enterprises and raising the enterprises' efficiency.

Because of market competition, some socialist enterprises will become vigorous while others will decline; some enterprise consortiums will expand while others will decline. These are normal phenomena. The development of a large enterprise or a large enterprise consortium depends on its own competitiveness, coordination between staff, workers, and the enterprise, correct development strategy for the enterprise and correct management ideology in the leadership of the enterprise. The implementation of the share system provides internal motive forces and external pressure to the enterprises. A poorly operated enterprise will face such a situation: All of its shareholders will sell their shares, and its competitors, who want to take over and reorganize it, will buy the shares and annex it so as to turn it into a branch or affiliated small company.

The Dual Economy Model [subhead]

Through reform of the ownership system, in future, as far as the ownership system is concerned, a dual economy model will appear in the country:

On the one hand, several hundred of the larger enterprises will form a system consisting of parent companies, branch companies and affiliated small companies, and form enterprise consortiums through controlling shares at various levels. These large enterprises will determine the orientation of the development of our country's industrialization and technological progress. They have their own scientific research contingents to carry out research on high technology and applied technology. They formulate their own long-term development strategy, push forward with the efficient disposition of production resources and accelerate the development of remote and underdeveloped areas by carrying out transdepartmental and transregional production and operation. They will also develop their business on the international market.

On the other hand, tens of thousands or even millions of small enterprises, including cooperative enterprises, individually owned enterprises and small enterprises under combined ownership, will form a closely linked cooperative network and compete among themselves. They will mainly solve such problems as the transfer of rural labor, the processing of farm and sideline products, the raising of the people's income standard in rural areas, the construction of small towns and townships, and provision of services for the livelihood of the people in the urban and rural areas, and so on. They will certainly play an important role in changing the face of our country's rural areas and of the small towns and townships of our country.

The two different aspects of the dual economy will coexist and supplement each other for a long time to come.

Position of Directors, Staff, and Workers Who Do Not Have a Sufficient Number of Shares in the Enterprise [subhead]

The directors of stock enterprises are elected according to the number of shares. The above-mentioned government directors and enterprise directors (including the enterprise's own directors and directors from other enterprises) all are directly linked to the number of shares they have and are called share-holding directors. The enterprises's staff and workers can buy shares and individuals in society can also buy shares. [paragraph continues]

As far as the present situation in our country is concerned, since all stock enterprises are large and medium-sized, the number of shares held by staff, workers, and individuals in society is far from sufficient to enable them to become share-holding directors.

Considering such a situation, we can install non-share-holding directors. The non-share-holding directors only account for a small proportion on the board of directors, but they can represent the interests of the shareholders among staff, workers, and individuals in society and help the board of directors listen and understand the views of the masses on formulating its policies. The non-share-holding directors generally include people from three sides: One is the representative of the staff and workers, who is elected by the trade unions; second is the representative of society, who is sent by the consumers, environmental protection, and social security groups, and so on; third is the representative of the experts who can be elected by the academic groups concerned with enterprise production management and technology. However, if the staff and workers have bought a lot of shares and the number reaches a certain level, then directors who are the staff and workers representatives can become share-holding directors. Under such circumstances, the directors who are staff and workers representatives are not necessarily non-share-holding directors.

In future, incomes of staff and workers who buy shares in stock enterprises will include salaries, bonuses and "profit sharing" (dividends and extra dividends). The interests of staff and workers will be represented by the enterprise director elected by the workers' congress, and the non-share-holding director elected by the workers' congress, and the non-share-holding director elected by the trade union, who will influence the decision-making and supervise the activities of the board of directors. Although the amount of money paid for shares by individual workers accounts for a small proportion of the total amount of shares in the enterprises, staff and workers' interests are thus linked with the interests of the enterprises. However, arousing the enthusiasm of staff and workers does not depend solely on the fact that staff and workers are small share holders in the enterprises. This is not only a limitation of stock enterprises but also a limitation of cooperative enterprises, because money paid for shares by individual workers and staff members accounts for only a small proportion in cooperative enterprises. What is important is that the implementation of the share system in enterprises will push large- and medium-sized enterprises into market competition, and make them assume full responsibility for their own profits and losses. The stock enterprises must establish their own prestige, win space for their own survival, readjust the enterprise behavior and arouse the enthusiasm of staff and workers from various aspects. The superior will survive while the inferior will be eliminated in the competition. Poorly operated enterprises will go bankrupt or be annexed. The annexation of enterprises is just a reorganization of the essential factors of production, which is unharful to the socialist economy. This is because those which annex and those which are annexed are all new-type enterprises under public ownership.

Stock Enterprises Are Really a Voluntary Combination of Interests [subhead]

Stock enterprises are really a voluntary combination of interests. Enterprises issue shares and investors voluntarily buy the shares according to how much profit and risk their investment may bring about. This is true of both individual and enterprise shareholders. If individual workers and staff members are forced to buy shares, or shares are apportioned among individual workers and staff members, this will run contrary to the nature of stock enterprises. So, there should be no rush in implementing the stock system in enterprises. Only when we have made enough experiments, gained enough experience, and shown our results to other enterprises, can the stock system be gradually popularized and implemented.

Experiments should also be carried out on a voluntary basis. Once the leaders of the present enterprises realize the advantages of the stock system, and the staff and workers understand the unity between the enterprise stock system and their own interests, they will be willing to carry out experiments in their enterprises. [paragraph continues]

Only under such circumstances can the stock system produce gratifying results and play its exemplary role. We can imagine that in the reform of our country's ownership system, at the very beginning there will only be a few enterprises willing to become experimental units in implementing the stock system, and they will be sparsely scattered in all the provinces and cities throughout the country. Later on, more and more enterprises will be attracted by the stock system and will want to implement it. As a result, the process of the implementing the stock system will naturally be accelerated. However, even at that time, the principle of voluntary participation should not be ignored. The result of artificially creating a "stock system craze" will only be to the contrary.

From this, we can see that implementation of the stock system in our country's enterprises will be a relatively long process. However, the general trend is still predictable: In general trades and professions, stock enterprises will certainly replace the present large- and medium-sized state enterprises just as in rural areas, the system of contracted responsibilities on a household basis with payment linked to outputs has replaced the original production brigade operation.

LESSONS DERIVED FROM JAPAN'S MEIJI REFORM

HK211123 Beijing RENMIN RIBAO in Chinese 6 Oct 86 p 5

[Article by Lu Wanhe (0712 8001 0735): "Enlightenment in Two Aspects From the Meiji Reform" -- capitalized passage published in boldface]

[Text] In the mid-19th century, Japan faced a severe national crisis as China did. However, only 15 years after the "founding of the state," the Meiji Reform was carried out in Japan, which succeeded in helping Japan rapidly overcome the national crisis, and in enabling it to contend for supremacy with other big powers. What enlightenment have they gained from it?

1. TALKING ABOUT "REPELLING THE BARBARIANS" ALONE WAS NOT ENOUGH, "REFORM" SHOULD BE CARRIED OUT TO MAKE THE COUNTRY PROSPEROUS AND POWERFUL. [subhead]

At that time, the nature of the national crisis of Japan was that of a contradiction between feudalism and capitalism. As far as the invaded Japan was concerned, only by swiftly becoming a capitalist nation, could it resist the invaders. Otherwise, it would inevitably be annexed. In other words, talking about "repelling the barbarians" alone was not enough. Even if the invaders could be repelled once or twice, it was impossible to curb the continuation of their aggression, let alone defeating them permanently. It was because aggression and expansion were the natural instincts of capital. Only by making itself powerful, could a country win its true independence. Of course, this did not mean that it was unnecessary to carry out the struggle of opposing aggression.

Persons of ideals and integrity in Japan gradually realized the truth through their practical struggle. What was commendable was that they were quick at understanding things, bringing about changes, and taking action. If the reform was delayed for 20 to 30 years, the fate of Japan would have been worse than China. [passage omitted]

2. THE DISSEMINATION OF THE WESTERN LEARNING WAS THE IDEOLOGICAL FOUNDATION OF THE "REFORM."

While making an analysis of the international conditions, people correctly pointed out many factors beneficial to Japan: 1) The national liberation movement in Asia effectively pinned down the western invaders, and supported the struggle of the Japanese people against Britain (1857), the Taiping Heavenly Kingdom Revolution in China (1850-1864), and so on. 2) The main target of the Western colonialists was China, and the Chinese people endured greater pressure, and suffered from substantial sacrifice. 3) The Crimean War, the north-south war, the Franco-Prussian War, and so on kept the Western powers too busy temporarily to attend to Japan in the East. 4) Japan's territory was narrow and small. Direct conflicts of interests among various Western powers might easily occur in Japan. They were heavily engaged in conflicts rather than collaborating with each other. However, these conditions were, at most, beneficial to "overthrowing the shogunate government." The Japanese had to rely on themselves to carry out their "reform."

While making an analysis of Japan's internal conditions, people naturally tend to place their emphasis on the economic set-ups and class relations of the country, the level of development of its capitalist factors in particular. A view was once prevalent that at the last stage of the shogunate government, the Japanese capitalist economy had already entered the "period of the true factories." However, research in recent years has indicated that at that time agriculture accounted for about 80 percent of Japan's total output value, and that the percentage of handicraft industry was not big. In addition, it was mainly composed of household handicraft industry controlled by wholesalers. Factories were established in a small number of towns and townships. Although commercial usurers' capital in Japan was big enough, as was the case in China, it had not been turned into modern capital. Privileged big businessmen and the rulers of the shogunate government relied on each other. It was only when the doom of the shogunate government was inevitable that some of these businessmen supported the drive to overthrow the government. "Noble-minded persons of the wilderness" [cao mang zhi shi 5430 5462 1807 1102] of "rich peasant and businessman" origins (new-emerging landlords and rich peasants who were concurrently industrialists and businessmen) played an important role in overthrowing the shogunate government. This was an important characteristic of Japan at that time. However, many of them advocated the "study of the national classics," the "teachings of Confucius," and "honoring heroes who repelled the barbarians." They did more in all these than promoting the "reform."

Peasant uprisings in conjunction with the upheaval of the townpeople was the basic force for attacking the rule of the shogunate government. However, the peasant class was not, after all, the representative of the new mode of production. The scale of peasants' uprisings in Japan was smaller than that of the Taiping Heavenly Kingdom Revolution.

The Meiji Reform was lead by a group of junior warriors who were enthusiastic in learning from the West. The forming of such a leading group was closely connected with the dissemination of the Western learning (modern European science). Such historical conditions did not occur in other Asian countries.

The year when the Western learning was spread to Japan (1549) was, more or less, the same as it was disseminated in China (1581). At that time, they were regarded as "culture of the southern barbarians." The spread of the learnings in Japan was suspended because of the implementation of the "closed-door policy" (1633). However, the spread of the Western learning in China continued to the reign of the Kangxi emperor (1662-1722). During a period of more than 100 years, a great number of advanced intellectuals who were good at both Chinese and Western learning came to the fore, whose representatives were Xu Guangqi, Li Zhizao, and others. [paragraph continues]

This showed that the Chinese people, the Chinese intellectuals in particular, never expelled foreign advanced culture, and that the "reaction capacity" of the Chinese nation to the foreign advanced culture was not weaker than the Japanese nation and other nations. [passage omitted]

The long-term spread of the Western learning was an ideological foundation of the Meiji Reform. This being the case, once the Opium War broke out, noble-minded persons in Japan ran around spreading the news, saying: "Don't think that there are many reefs and rocks at home. We should draw a lesson from China's mistakes," "don't say that success and failure belonged to the states of Qin and Yue alone, preparations must be made for a long time in case something unfortunate happens." There were more than 10 kinds of books which dealt with the issue of the war, which made a great impact on the government and the public. In 1851, a book edited by Wei Yuan, "HAIGUO TUZHI" (illustrations of a maritime state) was spread to Japan, and noble-minded persons in the country vied with one another to read, or block-print the book. By 1856, there were 22 kinds of block-printing editions of the book. The correct idea of "learning from the strong points of the barbarians to repress them" happened to coincide with that of the noble-minded persons in Japan. Many of them regarded it as their common idea. "People were inspired by it. This indirectly upheld the thinking of honoring those who repressed the barbarians and promoted reform." (remarks by Liang Qichao) In China, when the book "HAIGUO TUZI" was first published, its repercussions were not great. At that time, Wei Yuan himself was only a county magistrate. When the Taiping troops were closing in, he took up the post of prefectural head for 3 years only. In 1862 when a Japanese, Takasgui Susumi, made an inspection in Shanghai, he intended to buy "HAIGUO TUZHI." But the book was out of print already!

Because of different ideological bases, the capacity of the two countries to meet an emergency, and the spread at which they could build up the forces of reform were markedly different. Shortly after the opium war, the Shogunate government and various vassal states imported military technology from the West, expanded or established institutions of Western learning, and broke rules to promote talented personnel. This was similar to what China did during the westernization movement, but was 20 years earlier than the movement. In 1868, "Kaisei Jo," the predecessor of Tokyo University, was established. By 1866, there were about 40 Japanese professors and lecturers who taught several foreign languages, and engineering as well as chemistry subjects. In 1868, of 240 western-style schools (analogous to secondary schools), 141 schools taught mathematics, and 77 taught "foreign language." In 1853, the proportion of science subjects accounted for 35 percent of all subjects taught at schools. Before 1862, nothing significant was done in China. In 1862, a Japanese man called Yukichi Fukuzawa met a Chinese man Tang Shixun in London (Tang was probably an earliest Chinese student with his personal history and works, and hopes that well-informed readers might provide me with the relevant information). Both of them agreed that China and Japan should rapidly study Western learning in order to become prosperous and powerful. They asked each other about the number of talented personnel well versed in foreign languages in their respective country. Fukuzawa said that there were more than 500 in Japan, whereas Tang Shixun felt ashamed because there were only 11 in China. Hearing all this, Fukuzawa sighed with emotion, and at the conversation in his dairy. (Kashi Ishikawa: "Geography of Yukichi Fukuzawa," Vol 1, p 332, and Fukuzawa: "A Western Voyage")

The gathering of the groups of advanced intellectuals was a prelude to the reform. It was in direct proportion to the speed of reform. Without the grouping of intellectuals, it was impossible to promote the reform. In a long period before the Opium War, it was impossible to form intellectuals' groups in China because of the erroneous policy of the Qing government. At that time, figures like Lin Zexu and Wei Yuan were as few as the morning stars. [paragraph continues]

PENG ZHEN HOLDS FORUM WITH INVENTORS

HK161001 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 13 Oct 86

[Excerpt] On the afternoon of 12 October, Political Bureau member of the CPC Central Committee and chairman of the NPC Standing Committee Peng Zhen held a forum with some inventors attending the Second National Exhibition of Inventions. At the forum, he pointed out: In order to carry out reforms and develop productive forces, we must greatly support and encourage all activities in the development of innovations.

He hoped that all comrades who are determined to engage in the activities carry forward the spirit of serving the people wholeheartedly, to constantly make progress. [passage omitted]

Chairman Peng Zhen felt very happy that the participating comrades actively expressed their views. He said: In building the socialist modernizations, we must greatly develop productive forces of society. Having a group of people engaging in activities of developing innovations is a move of promoting and developing productive forces. The Chinese nation has a fine record of making innovations. Now, we further have an independent national economy system. Thus, both the party and state hope that everyone will give play to their initiative and creativeness so as to develop more and better innovations for making the country rich and powerful.

Peng Zhen hoped that this exhibition would stimulate the initiative of youths nationwide in the areas of making innovations, so that China's team of science and technology would grow with each passing day.

He said: We must organize well the scientific and technological personnel, do well in the logistics service, and improve their living and working conditions.

He enthusiastically encouraged the participants to fear no difficulties but to be brave in making innovations, so as to scale new heights in the area of science and technology.

The forum was also attended by Song Jian, state councillor and minister of the State Scientific and Technological Commission; Zhang Pinghua, member of the Central Advisory Commission; Wu Heng, Chairman of Chinese Association of Innovations; as well as leading comrades of the central departments concerned and Hubei Province.

Inspects Wuhan Factories

HK161105 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 15 Oct 86

[Text] On the morning of 13 October, Peng Zhen, Political Bureau member of the CPC Central Committee and NPC Standing Committee chairman, inspected the hot-rolling plant and cold-rolling plant of the Wuhan Iron and Steel Complex.

After he saw that jasmine had grown everywhere in the area of the Wuhan Iron and Steel Complex, he joyfully wrote a few words of encouragement: The Wuhan Iron and Steel Complex is blooming. This expressed his affirmation of the achievements of the Wuhan Iron and Steel Complex and his hopes of its future development.

While inspecting the hot-rolling plant, NPC Standing Committee Chairman Peng Zhen said: We must mainly rely on ourselves to develop the production of rolled steel to meet our needs. We cannot bear the expense of buying imported rolled steel. When he heard that the hot-rolling plant had carried out an assessment by linking the quality of its products with wages and bonuses, he nodded again and again to express appreciation.

In the course of inspecting the cold-rolling plant, when he found that this plant had continuously increased the specifications and variety of its rolled steel to satisfy the needs of the market, NPC Standing Committee Chairman Peng Zhen repeatedly said: Good, good! He watched and listened to reports as he walked along. He often shook hands with and talked to workers, showing his concern for them.

Listens to Hubei Report

HK161029 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 15 Oct 86

[Text] On the afternoon of 13 October, Peng Zhen, Political Bureau member of the CPC Central Committee and NPC Standing Committee chairman, listened to a report made by Guan Guangfu, secretary of the Hubei Provincial CPC Committee, on the implementation of the resolution of the 6th Plenary Session of the 12th CPC Central Committee and on the situation in the economic work of the whole province. Attending the report meeting were responsible comrades of the provincial Party Committee, provincial Advisory Commission, provincial People's Congress, provincial government, provincial CPPCC Committee, provincial Planning Commission, and Hubei Military District, including Guo Zhenqian, Huang Zhizhen, Xu Daoqi, and Li Wei.

After listening to the report, NPC Standing Committee Chairman Peng Zhen spoke, pointing out: The resolution of the Sixth Plenary Session of the CPC Central Committee is a good resolution and the summation of many years' practical experiences. Some thinking and understanding which was not defined in the past has now been defined. Economic construction is generally regarded as the center reform, opening up, and invigoration is adhered to, and the building of socialist spiritual civilization is strengthened. When thinking is lively and unified to a high degree, all causes of our state can be done still better.

He said: Party members must abide by the party Constitution and citizens must observe the Constitution. When the building of spiritual civilization is done well, our party style and the general mood of society will become better and better.

Regarding the problems of the system of factory director assuming full responsibility, of exercising the enterprise's decision-making power, of developing township enterprises, and of subsidizing and building up agriculture with industry, NPC Standing Committee Chairman Peng Zhen conducted investigations among the comrades present. He pointed out: It is necessary to adhere to the system of the factory director assuming full responsibility, to sum up and disseminate the experiences of the typical examples, and to promote the development of the system of the factory director assuming full responsibility.

Prior to the report meeting, Peng Zhen respectively received responsible comrades of the provincial party committee, provincial Advisory Commission, provincial People's Congress, provincial government, provincial CPPCC Committee, provincial Planning Commission, and Hubei Military District and the working personnel of the general office of the provincial party committee and of the General Office and organs of the provincial People's Congress Standing Committee. He had a group photo taken with them to mark the occasion.

ANHUI HOSTS SEMINAR ON COMPREHENSIVE REFORM

OW212121 Beijing XINHUA in English 1524 GMT 21 Oct 86

[Text] Hefei, October 21 (XINHUA) -- The progress of China's economic reform requires the speeding up of political restructuring, a group of theorists agreed at a seminar on comprehensive reform theories which concluded in Maanshan City of east China's Anhui Province Monday.

An all-round reform in the country involves not only economic field but also political structure as well as culture and values, the participants said.

Political restructuring, based on simpler administration and decentralization of powers, should lead to public participation in politics and political democracy, they said.

They also agreed that theoretical workers should study new things emerging in the nationwide reform and sum up fresh experience created by the people.

While studying the resolution on building a socialist society with advanced culture and ideology adopted last month at the Sixth Plenary Session of the Chinese Communist Party Central Committee, the participants discussed the future of the current reform and problems in its implementation.

Present at the seminar were nearly 200 people specializing in economics, philosophy and sociology from all over the country. About 100 academic papers were given at the meeting.

FUJIAN'S CHEN GUANGYI SPEAKS ON LONG MARCH

OW210833 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 20 Oct 86

[Excerpts] At meeting was held in Fuzhou this morning to mark the 50th anniversary of the Long March of the Chinese Worker's and Peasant's Red Army. Attending the meeting were veteran cadres and fighters of the Red Army who happened to be in Fuzhou; leading comrades of the provincial party committee, provincial Advisory Commission, provincial Discipline Inspection Commission, provincial People's Congress Standing Committee, provincial government, provincial CPPCC Committee, provincial Armed Police Force, provincial Military District, and Fuzhou City; responsible persons of various provincial-level units; cadres of provincial and city level organs; PLA cadres and fighters; workers, teachers, and students of institutions of higher learning; and representatives from all walks of life, totaling 1,200 people.

He Shaochuan, Standing Committee member and head of the Propaganda Department of the provincial CPC Committee, presided over the meeting. Chen Guangyi, secretary of the provincial CPC Committee, delivered a speech entitled: Give Full Play to the Revolutionary Spirit of the Red Army in the Long March and Actively Develop the Socialist Modernization Program.

Chen Guangyi said: As we mark the 50th anniversary of the Red Army Long March, we sincerely cherish our memory of the heroic martyrs who laid down their lives for the Long March and those people and patriots who made great contributions to the Long March. [passage omitted]

Chen Guangyi called on people in the province to create a new situation for development of the socialist modernization program, become pioneers in promoting the four modernizations, work hard for the peaceful reunification of the motherland, and forge ahead in unity.

Also attending the meeting were veteran Red Army members Xu Jiaqiang, Wang Zhi, Wang Jianguang, and Hu Boyi and Deputy Political Commissar Zhang Liqing of the provincial Military District.

SHANGHAI'S WEN HUI BAO ANALYZES BEGGAR GROUPS

HK210247 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1124 GMT 16 Oct 86

[Text] Hong Kong 16 Oct (ZHONGGUO TONGXUN SHE) -- Source from Shanghai: The development of production and economic prosperity are accompanied by the growth in number of beggars. The Shanghai monthly "WEN HUI BAO" published on 15 October has revealed for the first time the beggar groups in Mainland China, and analyzed the realistic causes for the above-mentioned phenomenon.

The author of the article "China's Beggar Groups" cited the data of investigation on beggars in Guangzhou: The number of beggars was 10,858 in 1983; 12,662 in 1985; and 4,104 between January and April 1986. Based on the report of relevant departments, beggars prior to the 1970's were mostly the middle-aged and the aged; but since the 1980's, they are mostly young people; among them are descendants of "old beggars", as well as the disabled, illegitimate children, losers, runaways or broken families, middle-school or college dropouts, abducted children, those going on a pilgrimage for Buddhist scriptures or seeking martial art training, those who play truant, and those who are affected by unhealthy and harmful literary works and are seeking immortality. They are the offspring of historical inertia, and they are extremely unsound in mental quality.

Such cities and provinces as Guangzhou, Shanghai, Jinan, Hunan, and Shanxi each have their own kingdom of beggars. These gypsy tribes with Chinese characteristics are organized on a voluntary basis. They are continuously on the move, and are continuously grouped together. Once they were taken into some collection posts and sent back to their native places, they would rapidly flee hither and thither to all corners of the society. The majority of them lead a life doing no more than "eating and sleeping." Among them are some who have gone in for "ascetic practices," and are bent on "becoming rich" without spending a nickel themselves. In Guangzhou alone are more than 1,000 of those "phony paupers" of whom, 76 percent are from other provinces.

The author analyzed in a comprehensive way the mental state of the beggars through the cases under investigation. Those beggars believe that "one's face is worthless, so why bother losing it," "a home means nothing," "it's useless to fight fate," and "to live is to enjoy the most of life"....

The author holds the view that China has already solved the problem of food and clothing; therefore, the pity and sympathy shown to those ever-growing beggar groups means committing a crime against society; the traditional way of handling beggars by sending them to collection posts should undergo reform; "phony paupers" must be revealed; the beggars' criminal activities must be dealt a blow; and the round on which the beggars rely for their existence must be eliminated.

SEPARATE DEALS SOUGHT FOR U.S. ALCOHOL, CIGARETTES

0W220325 Taipei CNA in English 0245 GMT 22 Oct 86

[Text] Taipei, Oct. 21 (CNA) -- The Republic of China [ROC] has suggested that the nation and the United States sign two independent agreements on the ROC's imports of American cigarettes and alcoholic beverages, Vice Economics Minister Li Mo said Tuesday.

The two nations failed to reach any agreement in the last three rounds of talks on the cigarette and alcohol trade. The ROC had earlier promised the opening of its market to American cigarettes and alcoholic drinks by the end of October.

Li said that the nation has made the suggestion because of the differences between the two nations on the cigarette trade. He ruled out the possibility that the ROC might make more concessions to the U.S. on this issue.

Li said the ROC has agreed to loosen its ban on advertising American alcoholic beverages in the mass media and reduce its "monopoly tax" on this category, and therefore, it will ask the U.S. to begin the alcohol exports to this nation starting on Nov 1.

Li said that Director General Vincent C. Siew of the Board of Foreign Trade will bring this proposal to the negotiating table in the ROC-USA machine tool trade talks scheduled to be held Oct 24 in Tokyo. Meanwhile, officials of the Coordination Council for North American Affairs in the U.S. will also meet the U.S. authorities on the issues, Li added.

Meantime, the Taiwan Tobacco and Wine Monopoly Bureau [TTWMB] said Tuesday that it has finished preparations for imports of U.S. cigarettes and alcoholic drinks. "Once an agreement is reached, the American products will be on the market here very soon afterward," a TTWMB official said.

PREMIER YU KUO-HUA CITED ON DEFENSE TECHNOLOGY

0W092227 Taipei CNA in English 1510 GMT 9 Oct 86

[Text] Taipei, Oct 9 (CNA) -- Premier Yu Kuo-hua said Thursday that the Republic of China will devote more attention and energy to research in national defense technology and the production of advanced military equipment in order to accomplish the sacred mission of national recovery.

Speaking at the opening ceremony of the 1986 defense technology and ordnance production exhibition in Taipei, Yu said that the Armed Forces of the Republic of China have become ever stronger and have made remarkable achievement in modernizing weaponry and developing national defense technology in the past three decades.

For example, he said, the Armed Forces have made great progress in the development of high performance training and fighter aircraft, surface-to-air and air-to-air missiles, tanks, warships, and other weapons.

He described the exhibition as an indication of successful cooperation among the Armed Forces, academic institutions, and the industrial sector in national defense development.

EXHIBITION DISPLAYS DOMESTICALLY PRODUCED WEAPONS

OW160921 Taipei LIEN HO PAO in Chinese 9 Oct 86 p 2

[Text] Warplanes; Gallant Wind, Sky Bow, and Sky Sword missiles, including the real missiles and their sectional models; and hundreds of other products of national defense science and technology and the ordnance industry will be displayed in the Foreign Trade Associations exhibition hall at Sungshan Airport beginning tomorrow.

The exhibition will consist of 12 [as published] main categories.

The "multi-briefing" shows achievements in the production of weapons and equipment and cooperation work by government and private academic institutes in developing weapons and equipment.

The "chemical equipment category" shows various domestically developed protective instruments and materials, including those for advance alarming, detection, protection, and treatment against chemical agents, as well as warheads, propellant grains, and incendiary agents for rockets and missiles.

The "surveying and mapping category" shows various maps drawn with the aid of man-made satellites and domestic precision instruments.

The "guns and munition category" shows new models of domestically produced guns, artillery, and munitions.

The high-technology materials category" shows various kinds of special heat-resistant, high-strength, and light-weight materials used in rockets and missiles, as well as power batteries for warheads.

The "machinery and precision parts category" includes gyroscopes, attitude-control instruments, and acceleration devices for missiles, as well as various models.

The "electronic information systems category" includes the "self-strengthening artillery radar system" short- and medium-range search radar and electro-optical systems, night-vision equipment, and fire-control systems.

The "armored vehicles category" shows the recently developed CM-24 armored munition transport vehicle, the laser tanks firing training system, and various armored vehicle parts.

The "vessels and naval weapons category" includes propulsion systems for warships, electronic reconnaissance systems, water mines, and models of new types of vessels.

The "aircraft and engines category" will be displayed indoors and outdoors. The outdoor part displays domestically produced warplanes. The indoor part includes high-performance warplane engines, domestically built T214 engines, and aerial electronic instruments.

The "missiles and rockets category" shows Worker Bee 6 rockets and Gallant Wind, Sky Bow, and Sky Sword missiles, including real missiles and sectional models.

According to the Ministry of National Defense, the exhibition will be open to the public from 0900 to 1700 [local] on 10, 11, 14, 18 and 19 October and on the afternoons of 12 and 13 October. Spectators should not carry anything, including cameras, photographic equipment, and dangerous materials. Children under 6 years of age are not allowed to enter the exhibition area.

PRESIDENT CHIANG ISSUES MESSAGE ON REUNIFICATION

0W220537 Taipei International Service in English 0200 GMT 22 Oct

[Text] In Taipei, ROC [Republic of China] President Chiang Ching-kuo issued a written message Monday asking all Chinese people at home and abroad to fully dedicate themselves to the mission of reunifying China under the Three Principles of the People. The president said their effort will help the one billion compatriots on the China mainland live a free, democratic, peaceful, and prosperous life. Chiang issued the message on the eve of Overseas Chinese Day, which falls on October the 21st, saying that he would like to express his sincere gratitude to all Overseas Chinese for their contributions to the national revolutionary cause over the past years. He also expressed the hope that Overseas Chinese will continue their support of the Republic of China and not be fooled by the Peiping regime's one nation, two systems proposal.

MINISTRY TO PUBLICIZE POLITICAL REFORM INITIATIVE

0W200355 Taipei CNA in English 0316 GMT 20 Oct 86

[Text] Taipei, Oct 19 (CNA) -- Foreign Minister Chu Fu-sung said Saturday that President Chiang Ching-kuo's interview with the WASHINGTON POST on the country's plan to terminate its 37-year-old emergency decree and lift the ban on political parties as well as the ruling Kuomintang's approval of the two reform proposals have drawn much acclaim and support from the world community.

Chu said that the ruling party's passage of the two proposals marks yet another milestone in the ROC [Republic of China] history and that the Foreign Ministry will take positive steps to publicize the ruling party and the government's determination to promote constitutional democracy.

Chu made the remarks in response to interpellations at a Legislative Yuan committee meeting.

During the meeting, several legislators said that for years, the emergency decree has been the source of much misunderstanding abroad. On the eve of terminating the emergency decree, they said, the Foreign Ministry should take advantage of the opportunity to clarify all the misunderstanding and build a new national image in the world arena.

Legislator Chien Han-sheng suggested that the ministry keep its staff abroad informed of the latest political development at home so that they can brief foreign news media or friends on the ROC Government's reform initiative and measures.

In reply, Minister Chu promised that his ministry will devote even more efforts to publicizing the government's intention of implementing democracy fully in the years to come.

HONG KONGTA KUNG PAO VIEWS U.S.-USSR ICELAND MEETING

HK220343 Hong Kong TA KUNG PAO in Chinese 22 Oct 86 p 2

[Special article by Chen Lin (7115 3829): "Wishful Thinking by the United States and the Soviet Union at the Iceland Meeting"]

[Text] The United States Thinks One Way and Behaves Another [subhead]

Before the Reykjavik summit, the United States warned people not to expect too much from the talks, as if it was in no hurry to reach by agreement. The end of the talks happened to conform to the U.S. attitude before the summit. However, what the United States expected of the summit was in fact contrary to the way it behaved. The United States was anxious to reach an agreement.

As everyone knows, the conventional forces of the Soviet Union and the East European bloc are stronger than those of Western Europe. The nuclear missiles presently deployed in Western Europe are playing a major role in keeping the balance between Eastern and Western Europe. At the Reykjavik summit, the United States played the European missile card without negotiating the matter with its West European allies. It was aware that this would arouse their dissatisfaction, and yet it insisted on so doing because it wanted to reach an agreement in this aspect and was confident in appeasing them afterward.

The United States had this wishful thinking: As long as the "star wars" program is not included in the arms limitation agreement, it may pledge to its West European allies that the gradual reduction of missiles deployed in Western Europe will not affect the military balance in Europe, because once the Soviet Union launches a nuclear offensive, the "star wars" program will play its role in protecting the West European countries. In addition, with the presence of this protective shield, even if the Soviet Union and the East European bloc launch a conventional war on the Western Europe, the United States may stage a nuclear counterattack without fear of the Soviet retaliation. Moreover, if the United States and the Soviet Union had agreed not to include the "star wars" program and the United States gradually reduces its missiles, the West European countries have no other choice but to support the "star wars" program in order to insure their own safety.

The Soviet Union Wants To Wipe Out the "Star Wars" Program as Soon as Possible [subhead]

Once the "star wars" program has been accepted by the West European countries, it will be even more difficult for the Soviet Union to wipe it out in the future. Of course, if the "star wars" program stays, Reagan winning his presidential reelection [as published] and U.S. domestic economic profits will be unquestionable. This was the reason why Reagan responded so quickly and actively to Gorbachev's proposal on holding a summit. Reagan hoped that the Reykjavik summit, by reaching an arms limitation agreement, would quicken the realization of the "star wars" program. The recent U.S. persuasion of various countries to accept the "star wars" program is evidence.

The Soviet Union took the initiative in proposing a summit for the purpose of wiping out the "star wars" program before it took shape. The Soviets were well aware that they are superior to the Western countries in conventional forces and that the "star wars" program is the only aspect in which they are lagging strategically behind the United States. [paragraph continues]

They can even up with the United States if they succeed in wiping out the "star wars" program at the Reykjavik summit.

The Soviet Union wants to maintain its superiority in conventional forces and the United States is trying to keep its superiority in a nuclear war. The "star wars" program remains the crux of this matter. It was to be expected that the "star Wars" program would be an obstacle at the U.S.-Soviet summit in Reykjavik.

Both Sides Want To Establish Superiority by Taking Advantage of the Meeting [subhead]

What is most worrying is that a question of confidence in the U.S. attitude at the Reykjavik summit has arisen among the West European countries. They worry that the United States may neglect their security to protect its own interest. To maintain a military balance in Europe, each of the West European countries will probably develop strategic arms on its own to take the place of the U.S. missiles deployed in Europe. The true cause of the "failure" of the Reykjavik summit was not the "star wars" program but was the fact that both the United States and the Soviet Union wanted to establish superiority through an agreement.

If the United States and the Soviet Union hold negotiations by clinging to this attitude, the chance of their reaching an arms limitation agreement is next to nil.

MACAO

PORtUGUESE SUBMIT PROPOSAL ON HANDOVER AT TALKS

HK220245 Hong Kong SOUTH CHINA MORNING POST in English 22 Oct 86 p 2

[By Chris Yueng]

[Text] Portuguese negotiators have submitted a detailed proposal on the settlement of Macao's future during the first day of the third round of talks beginning in Beijing yesterday.

According to sources close to the Portuguese delegation, the proposal included the date of handover the guarantees on the future of the 20,200 Portuguese and Macanese in the enclave.

Real progress was likely to come out of yesterday's Sino-Portuguese talks, sources said.

A joint communique will be issued.

During a photo session at the Diaoyutai guest house in the morning, Chinese team leader Mr Zhou Nan kicked off the conversation with Beijing's weather.

Autumn was the best season in Beijing, said Mr Zhou who is a vice-foreign minister.

He said: "Autumn is the golden time. It's a season of ripeness."

Judging also from a masterpiece by a Tang dynasty poet quoted by Mr Zhou, analysts said the two-day talks would go smoothly.

Mr Zhou said he hoped the Portuguese team would visit China.

Analysts said the invitation might have been offered as an incentive in resolving Macao's future.

Portuguese President Antonio Ramalho Eanes paid a goodwill visit to China last year.

Speaking to reporters before the morning session scheduled for 9 am, the Portuguese team said the talks would touch upon substantive issues.

The team held discussion with interpreters of the Hong Kong and Macao Affairs Office over the meaning of specific terms in the documents tabled at the negotiations.

Progress was said to have been made during the three hour discussion.

It is understood that the Chinese team had tabled a detailed outline on the settlement of Macao's future under the principle of "one country, two systems" during the first round of talks held in July.

Contentious areas centred on the date of handover, guarantees on the future of the Macanese and the handling of the colonial history of the territory.

Lisbon sources said an important announcement was likely to be made when Mr Zhou visited Portugal next month.

Despite repeated statements by Beijing that the handover of Macao should mirror that of Hong Kong, all signs now indicate that Portugal does not favour the changeover falling in the same year, 1997.

The Governor of Macao, Dr Pinto Machado, who arrived in Lisbon for consultations last week, cautioned that the case of Macao was totally different from that of Hong Kong and it was "absolutely impossible" for the two territories to return to China in 1997.

"Macao is not the same size as Hong Kong, is not at the same stage of development and the problem is far more complex," he said.

JI PENGFEI MEETS MACAO UNIVERSITY RECTOR

OW171926 Beijing XINHUA in English 1605 GMT 17 Oct 86

[Text] Beijing, October 17 (XINHUA) -- Ji Pengfei, Chinese state councillor and director of the Hong Kong and Macao Affairs Office under the State Council, met Professor Paul T.K. Lin, rector of the University of East Asia, Macao, and his party here today. Ji congratulated Lin on his new post as rector of the university. They exchanged views on matters concerning education and training of personnel. Lin arrived here October 13 at the invitation of the State Education Commission.

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Oct 23, 1986

